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21 May 1982

LATIN AMERICA REPORT

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VENEZUELAN GOVERNMENT EXPRESSES VIEWS ON CENTRAL AMERICAN SITUATION

San Pedro Sula LA PRENSA in Spanish 5 Apr 82 p 2

[Text] Caracas, 4 April--Today the Venezuelan Government, following a 2-day, high-level meeting, released a 14-point communique on the political situation in Central America.

The meeting was headed by President Luis Herrera Campins and several ministers, Venezuelan ambassadors to Central American countries and heads of police organizations took part in it.

In the release submitted by Secretary Jose Alberto Zambrano, it stated that "Venezuela reaffirms its best intentions for continuing programs of cooperation with El Salvador for the purpose of contributing to the consolidation of a democratic system in that country."

In it specific reference is made to El Salvador, Honduras, Costa Rica, Guatemala, Nicaragua and Panama, pointing out that "Venezuela reaffirms that Central America and the Caribbean Sea should be a peace zone, formulated by the sovereign decision of its people in spite of the global strategies of domination by hegemonic superpowers who hope to divide the world into areas of influence."

The Venezuelan Government emphasizes that nothing takes place in Central America and the Caribbean that is foreign to it.

He says that the electoral processes carried out in Honduras, Costa Rica and El Salvador are "successful" and he expresses the broadest backing for strengthening democracy in those countries.

The Government of Venezuela points out that "Venezuela expresses its most heartfelt joy at the successful conclusion of the electoral process in El Salvador. The Salvadorans have presented to the world a clear and convincing demonstration of its sovereign will."

As regards Nicaragua, the press release makes reference to the concern in Venezuelan high government circles over the nonfulfillment of the initial program of the Sandinist revolution oriented towards democratic pluralism and expresses hope that the program will be carried out just as it was conceived.

Besides showing its concern over the growing militarism in Nicaragua, the Venezuelan Government emphasized that "we share the hope of the peoples of America of seeing the promise of free elections take place in Nicaragua." As for Panama, the Venezuelan Ministry's press release stated that the evolution of the political process that is going on in that nation is closely followed "where civil power ought to play a fundamental role."

In Costa Rica's case, the Government of Venezuela offers the president-elect the widest backing for continuing the process of strengthening the democratic regime in that nation.

With respect to Guatemala, the release underscores the desire of the Venezuelan Government that that government be headed definitely towards a democratic process and it offers it the fullest support in helping realize that aspiration.

Finally, it backs the Peace Plan for Central America proposed by Honduras in the Organization of American States (O.A.S.) and "considers that proposal as the only one authentically regional and that it deserves the greatest attention and consideration tending towards the solution of tensions in the subregion."

9908

CSO: 3010/1448

CHAIRMAN OF PERUVIAN JOINT CHIEFS OF STAFF DISCUSSES TIAR

PY082054 Paris AFP in Spanish 1712 GMT 8 May 82

[Excerpts] Lima, 8 May (AFP)--Lt Gen Hernan Boluarte, the chairman of the Peruvian Joint Chiefs of Staff, has suggested an immediate review of the Inter-American Reciprocal Assistance Treaty (TIAR) without U.S. participation. In making a statement in Talara, located in the northern part of the country, Boluarte said that this review is mandatory, the same as that of the OAS, because the United States has adopted an extracontinental position on supporting Great Britain and disregarding Argentina.

Boluarte's statements, who also appealed for a peaceful solution in the South Atlantic, were supported by the other two members of the joint staff, army Gen Francisco Miranda and Rear Adm Jorge du Bois.

Boluarte noted that the United States adopted an attitude contrary to the TIAR's provisions at a time when Argentina is the object of extracontinental aggression.

This does not mean that another treaty must be drafted, but that it is necessary to reword it in accordance with the interests of its member countries, said Boluarte.

On stating that the United States is no longer a guarantee for Latin America, Boluarte said that the security of all the Latin American countries must be borne in mind when the OAS and the TIAR are reorganized.

We have noticed, Boluarte said, that the United States is safeguarding its own interests and NATO's, and not those of the Latin American countries.

On stressing that the Peruvian armed forces are ready to give aid to Argentina upon request, Boluarte noted that no military aid has been given to Argentina yet because Argentina has not asked for it.

On proclaiming that the Malvinas are and will be Argentine, Boluarte said that peace must be sought, and that there is a consensus in that the Malvinas dispute must be solved through dialogue, because war must be prevented.

Rear Admiral du Bois recalled that President Fernando Belaunde has reasserted his support for Argentina and that Perez ce Cuellar has the needed experience to resolve the conflict through negotiations.

CSO: 3010/1506

PERUVIAN WAR MINISTER DISCUSSES MILITARY AID TO ARGENTINA

PY090114 Paris AFP in Spanish 2246 GMT 8 May 82

[Text] Lima, 8 May (AFP)--Peruvian War Minister Gen Luis Cisneros, referring to the danger of the conflict over the Malvinas worsening, stated here today that all Latin American countries must be ready to intervene right from the moment the first British soldiers set foot on American territory.

The minister asserted that Great Britain has no justification for having imposed a total blockade on the Argentine coast. He said that this measure is an act of aggression against Latin America.

He pointed out that we must all be willing to defend Argentina because if we don't we will not be able to defend America in the future.

He stated that President Fernando Belaunde's offer of total support for Argentina eventually includes military support. However, he pointed out that Peru has not shipped any war materiel to Argentina because that country has not requested it yet.

There is a traditional relationship between the Peruvian and Argentine armed forces and we are waiting for them to voice their needs. General Cisneros ended by stating that if Argentina should request it, Peru will be one of the first countries of the continent to respond.

CSO: 3010/1506

COLOMBIAN DESCRIBES INCARCERATION IN CUBAN PRISON

Bogota EL TIEMPO in Spanish 12 Mar 82 p 12-A

[Article by Rafael Sarmiento Colley, Barranquilla correspondent: "They Brainwash All Colombians"]

[Text] Barranquilla--Every day new guests arrive at the "for foreigners only" prison, "the majority of them condemned arbitrarily to spend the rest of their days in a Cuban prison."

There they call it La Extranjeria, or "Combinado del Este Prison." It is located in the outskirts of Havana, near the beaches. It is a block of four buildings, each one four stories, with wide and airy cells with six bunkbeds each. There are six inmates to each room.

Elmer Ignacio Olave, a native of the Cauca Valley who came to Barranquilla 20 years ago to "become a merchant marine sailor," was imprisoned 2 years and 30 days in the Combinado del Este Prison. His life was "almost being extinguished, since it is a very hard blow being 42 years old and condemned to 15 years in jail."

Miraculously, someone interceded for him and this Monday, very early, he rejoined his wife and three children who had waited for him since 2 January 1980 at their residence in the El Bosque neighborhood.

A Night Voyage and a Violent Dawn

Elmer is a helmsman who went into fishing. In this he was associated with Adalberto Pena Guerrero, originally from Valledupar, when they had an offer to take the "Capitan M'Quer" to the Bahamas. Each one earned \$150.

"We did well that night until our rudder got damaged. From that moment we were adrift, for 4 days, until at dawn on the 5th we smashed against some rocks, where we stayed until the Cuban Coast Guard arrived and surprised us. They searched the whole boat, and as there was a hole in the prow as a result of the crash, they thought we had made it for the purpose of throwing something into the sea. Then some divers dove in to look for the arms that we were supposed to have thrown out."

The occupants of the "Capitan M'Quer" that morning were interrogated in a Cuban border patrol warehouse. They were insisting, "you must tell us the truth... you must be spies, arms smugglers or drug traffickers. If you don't tell the truth it'll go badly for you."

They pressured them but did not maltreat them. They took them to the State Security Command; there they had daily interrogations for a month. Afterwards, they were sent to the Combinado del Este Prison.

The Gringos Departed and They Left Us

"In those jails there are many Cubans, imprisoned for common crimes. There are many criminals but most are foreigners. There are 22 Colombians there."

For inmates in the prison for foreigners treatment is different. Elmer remembers that he talked with other prisoners who were in other cells "where you are beaten and subjected to forced labor. It's the jail for the counterrevolutionaries, for infiltrators, for those who have tried to get arms to the island for the enemies of the Cuban regime. They say that they are gringos, and that the gringos 'fan the fires' of counterrevolution in the countries of the area."

For the Colombians imprisoned there "the situation is difficult (Elmer brought letters and messages for many relatives of prisoners and a plea that they do something for them) since you are held incommunicado and prevented from writing letters. Not a single letter leaves that jail for overseas, and when you go on trial, you have a public defender who doesn't do anything. No matter what, you are convicted and the minimum sentence is 15 years. When we had just arrived at jail, we requested help from the embassy. We sent out several notes to Dr Jose Maria Arias Carrizosa, but he never answered us. Nobody went to the jail. Finally, relatives of my friend Dalberto hired a man who must have had a lot of influence, because he went to Cuba and talked to Fidel Castro in person and we were set free on the next day. They pardoned us. We left on 24 February of this year for the immigration office. There they gave us trousers, shirts and shoes; they delivered our tickets to us, and we traveled to Panama and from there to Barranquilla."

Brainwashing

In the Cuban jail they ask Colombian prisoners about the social and economic situation in the country.

"They would ask me if Colombia was in bad shape because the Cuban television news programs would say that there was disorder, that the M-19 had grown, and I even became alarmed with the news of the epidemics in Barranquilla because they were saying that they were attacking the children in the southern neighborhoods, where my children live. But I would tell them that here it was like anywhere else, that there were some difficulties and that external forces tried to 'fan the fires' as they say. They really thought that you were a spy. But they became convinced that we were sincere. Afterwards, we were all friends; we would go to the library, read books about everything, even religion, books by Gabo [Colombian novelist Gabriel Garcia Marquez], the history

of warfare, and from 7:00 to 11:00 at night we could watch television. The television is not bad, but the newscasts are so, so."

All in Jail for the Same Thing

Elmer, who is a veteran sailor, maintains that in Cuban jails "there are innocent Colombians with 15-year sentences because they were in a drifting boat, and the sea winds pushed them toward the island.

"What pains me most is that the people that are held in jail have nothing to do with arms smuggling or espionage, nor are they fat cats in the drug trade."

This is the list that Elmer brought written down in a small notebook; they are countrymen imprisoned in Cuban jails: Crew of the Liliana: Guillermo Saldarriaga Gomez, Jaime Garcia Bustamante, Luis Alberto Ferro, Enrique de Jesus Laborde, Luis Medrano Tatis, Adalberto Jimenez de Arcos, Fernando Gonzalez Gutierrez, Heriberto Franco Lopez, Gabriel Jose Torregroso Melo.

From the vessel "El Socorro": Alfons Medrano Molina, Jose de los Santos Medrano Pena, Humberto Medrano Gil, Jorge Vasquez Prent, Catalion Zuniga, Eduardo Forbes Newball, Leovigildo Medrano Prieto, Efren Barrios Medrano, Manuel Silvestre Barrios, Antonio Archibold Kawkins, Modesto Morales Espialla, Luis Jose Arismendi Obande and the pilot whose name he does not remember.

9928

CSO: 3010/1213

BRIEFS

GUATEMALA-BELIZE DISPUTE-- Belmopan, Belize, 10 May (CANA)--British Minister of State for Foreign and Commonwealth Affairs Cranley Onslow has told the British parliament that it was hoped that the new military junta in Guatemala would arrive at a final and peaceful solution with Belize to their territorial dispute. He said Britain had no intention of letting down Belize, its last colony in Central America to become independent. "We are watching closely and listening carefully to what is being said by the new regime in Guatemala," Mr Onslow was quoted here in an official statement as saying. Guatemala claims Belize and Britain posted troops there prior to independence to protect the country's sovereignty. Mr Onslow said that it was the hope of the British Government that in due course the new government in Guatemala would have discussions with Belize over the dispute. The British parliamentarian said, however, that the Guatemalan Government had so far shown no disposition to holding negotiations and there were no clear signs as to how the new junta would approach the territorial dispute with Belize. The minister gave an assurance that the British garrison would remain in Belize and no decision had been taken on a date for the withdrawal of British forces from Belize. [Text] [FL102359 Bridgetown CANA in English 2258 GMT 10 May 82]

CSO: 3020/116

EXPORTER TAX BREAKS URGED, OTHER MEASURES STUDIED

Businessmen Make Proposals

Rio de Janeiro GAZETA MERCANTIL in Portuguese 16 Apr 82 p 3

[Article by Suely Caldas: "Businessmen Propose Tax Breaks to Compensate for Credit-Premium"]

[Text] The creation of a fund to repay exporters for the ICM [Tax Movement of Mercandise] paid in exporting manufactured products and the return of fiscal and parafiscal contributions incidental to the process of producing exported goods were the two resolutions of the Sixth National Exporters Meeting [ENAE] which aroused the most interest among the 3,000 businessmen meeting Wednesday and Thursday at the Gloria Hotel in Rio.

Considered by businessmen as the only way to make up for the loss created by the elimination of the credit premium, the adoption of those two resolutions was requested in the final document of the meeting, calling them "an urgent need in view of the unfavorable domestic and foreign contingencies which present legislation represents for the development of Brazilian exports, and the need to keep alive the hopes of the Brazilian exporting class."

ICM

Present at the discussions, CACEX [Foreign Trade Department] Director Benedito Moreira agreed with the two proposals and explained that the solution to the problem of repayment of the ICM, a right guaranteed the exporter in the country's constitution, is already in an advanced phase in the commission created by the Ministry of Finance. Exporters want the collection of the export ICM to be transferred to the Federal Government and that in addition to collecting the import tax, it create a fund administered by the Federal Government to be used for repayment of the ICM paid when merchandise is shipped. Indicating that it is "a theory to be worked on, but there are others," Benedito Moreira agreed with that formula: "Well managed, it simplifies many things."

As for the return of all taxes and parafiscal assessments (social assessments) incidental in the production of exported goods, the Sixth ENAE suggested that the amounts be set by the producing classes and approved by the Ministry of Finance. There is a consensus in government for the adoption of a mechanism for returning taxes, including because the GATT accepts tax exemptions as a means of stimulating

exports, however, the greatest problem resides precisely in making that mechanism operational and determining the amount of that return, since different industrial sectors have different tax burdens. At any rate, that is one of the measures the ministries in the economic area have been studying so that they may go into effect this year in time to cover the gradual loss of the credit premium, which in December will be only 3 percent.

Summary

The final document of the meeting, which was delivered by the president of the AEB [Brazilian Exporters Association], Laerte Setubal, to Minister Ernane Galveas, contains a summary of the discussions held during the Sixth ENAEX, including the opinions of government representatives who sat at the discussion table. The document is divided into six subjects: Administrative and Exchange Processing of Exports; Financing Policy and Loan Insurance; Fiscal Policy; Updating of Transportation for Exports; Marketing of Preferential Exports and Nontariff Barriers and Development of Exports of Services. Prominent in the first subject were the resolutions referring to the creation of the export invoice to replace the present export permit and the extension to 360 days of exchange contracts for manufactured products which have a long production cycle. With respect to loan insurance, the document emphasizes the proposal that in the case of nonpayment by the importer, including for political reasons, "The IRB [Brazilian Reinsurance Institute] will make the pertinent indemnification to the exporter."

New Measures Studied

Rio de Janeiro GAZETA MERCANTIL in Portuguese 16 Apr 82 p 3

[Article by Suely Caldas: "Minister Confirms the Study of New Support Measures"]

[Text] The measures to emerge from the studies made by the ministers of the economic area for the purpose of increasing exports will be adopted this year, "this month, next month, in the very near future," asserted Minister of Finance Ernane Galveas, when he closed the Sixth National Exporters Meeting (ENAEX). Galveas avoided commenting on the content of those studies, which were decided upon with priority by the president of the republic, because "those things are not announced ahead of time." However, he added that they are aimed at adapting to the new situation of restrictions in world trade and to the decision to abolish the credit-premium in March 1983.

Resolutions

Before speaking to the 3,000 exporters and government officials gathered at the Sixth ENAEX, the minister of finance said that he is going to carefully examine the resolutions of the meeting and meet with the president of the Brazilian Exporters Association (AEB), Laerte Setubal, in a few days with a view to making the suggestions adopted viable. He does not accept the claim made by the president of the AEB that the exchange rate is out of phase by 3 percent with respect to inflation: "The exporters could claim 6 or 8 percent, it must be an exercise by some crackerjack in numerology. According to our calculations, the rate of exchange is moving faster than inflation," he said.

Even in view of the serious difficulties of international trade--the topic of his speech--Galveas believes the surplus of \$3 billion in the trade balance to be perfectly viable although he admits that "in view of the present world situation, the \$26 billion in exchange revenues could be beyond our possibilities." At the beginning of his speech, the minister of finance listed the harm that Brazil has been accumulating in past years: "In the period 1974 to 1981, Brazil paid more than \$40 billion to buy the same amount of petroleum it imported in 1973; the foreign rate of interest rose from 6 percent at the beginning of the 70's to 22 percent around the middle of 1981 and to nearly 18 percent at this time. Just because of the difference in interest rates between 1979 and 1981, Brazil paid nearly \$10.5 billion more in interest. The combined effects of the rise in interest rates and the decline in prices of primary products cost Brazil nearly \$5 billion in 1981 alone."

Barriers

That situation, however, in the opinion of Galveas, does not affect Brazil alone: "The large industrial countries are protecting themselves from the crisis by means of restrictions, raising barriers to international trade, in an attempt, many times irrational, to protect obsolete and uneconomical industries, thus preventing the entry of new countries, the developing countries, into the sectors where they naturally have a comparative advantage." He added: "The golden phase in international trade, which covered the 1945-1974 period, has been interrupted."

Exporters Suggestions Adopted

Rio de Janeiro GAZETA MERCANTIL in Portuguese 23 Apr 82 p 5

[Article by Suely Caldas: "Emergency Application of Sixth ENAEX Resolutions"]

[Text] Within 30 days CACEX expects to implement a number of suggestions resulting from the Sixth National Exporters Meeting for providing incentives to foreign sales this year, it was reported yesterday by CACEX Director Benedito Moreira. "A good part of the administrative, financing and transportation measures suggested at the ENAEX can already be adopted within a very short time, however, the proposals for tax changes will have to wait a while longer," said Benedito Moreira at the end of a luncheon with the Swiss Chamber of Commerce.

The CACEX director will meet today with the chiefs of the ministry to analyze all the suggestions approved by the Sixth ENAEX and to check on the possibility of applying them within a very short time. On Monday he will meet with the president of the AEB, Laerte Setubal, to shape those measures and on Tuesday he will meet with Minister Ernane Galveas in Brasilia to analyze those suggestions which depend on a ministerial decision for their implementation.

Benedito Moreira said that some measures are already approved by the government for their immediate implementation, among them that which proposes direct accreditation of the exporter for the financing stipulated in Resolution No 509 (on financing the exporter through FINEX [Financing and Export Fund] with an equalization of the foreign rates of interest). Up to now the government only accredits banks authorized to process that financing and exporters argue that they themselves prefer to

be accredited so as to have the freedom to choose the bank with which they are going to work. Another measure already approved is that of a standardized export invoice, replacing the export declaration (CACEX document filled out by the exporting company in foreign sales operations). It will not be, however, the original document proposed at the Sixth ENAEX that will serve as a basis for some adjustments which CACEX will make and subsequently submit to the minister of finance, Ernane Galveas, and the Council on Financing Policy (CONFAZ). "However, there will be no problems for its approval because the state secretaries of finance are in agreement with the export invoice," declared the CACEX director.

8908

CSO: 3001/131

EXPORT FINANCING BECOMES LARGEST ITEM IN BUDGET

Rio de Janeiro GAZETA MERCANTIL in Portuguese 16 Apr 82 p 3

[Article by Reginaldo Heller: "Export Financing Reaches 1 Trillion Cruzeiros in 82"]

[Text] Within a few years financing for exports will no longer be a part of the monetary budget. In 1982, for example, the various programs of support for foreign sales will already total around 1 trillion cruzeiros and there will be actual disbursements of more than 500 billion cruzeiros. In other words, this is the largest individual item in the monetary budget, even exceeding the money spent by the authorities in loans for agricultural costs. This, obviously, was not the only topic pointed out in the talk given yesterday at the Sixth National Exporters Meeting [ENAE] by Central Bank President Carlos Geraldo Langoni. However, it was undoubtedly a revelation that this attempts to place credit subsidies in an explicit special account in the tax budget, instead of keeping them implicit in the accounts of monetary authorities, will not be long in coming. Last year Langoni aroused a lively discussion when he announced at a talk at the Superior War School that the Central Bank intended to prepare the monetary budget simultaneously with the tax budget and to differentiate between subsidized expenditures and the priorities of the national economy.

Budget

Yesterday, before the 3,000 participants of the ENAE, he returned to the subject, saying: "The tax budget must reflect economic priorities accurately, and clearly point out the resources for covering implicit and explicit subsidies in financing." He went even further, saying that within a short time "We shall have an exclusive budget for exports." Joking with Benedito Moreira, director of CACEX [Foreign Trade Department], who was at his side, he said: "That is also the great dream of Bene."

The talk was not restricted to that repetition of his basic criticism of the present makeup of the monetary budget, even if that could enter a collision route with the monetary policy. Langoni was also optimistic, making the criticism that hardly has the first quarter of the year ended and unfavorable results in the balance of trade are already expected. In his opinion, it is necessary to remember that in this same period last year the accumulated balance of trade also showed a deficit and it was not until September that surpluses began to appear.

He also mentioned the recent measure adopted by the government of working out financing for importers of Brazilian products with foreign money by means of an equalizing covering of rates of interest by the Central Bank. He said: "This year the commercial banks which joined in this program have already financed more than \$700 million and the cost to the Central Bank for the coverage of the differential in interest rates did not exceed 8 billion cruzeiros."

Incentives

In addition to questions having to do with financing, Langoni, always extemporaneously, forwarded some ideas of the government for maintaining fiscal incentives to exporters within the framework of a tax reform, "Exchanging explicit fiscal incentives for a widespread exemption of indirect taxes, making the mechanisms of fiscal stimulus to exports less visible." As an example he cited the possibility of exemption from the Single Tax on fuel, highway transport, PIS [Social Integration Program] and labor assessments because "after all there are no other ways to compensate for the effects of a high foreign debt, its servicing and the gradual correction of the balance of payments except through favorable accounts in the balance of trade." It was also the 1981 trade balance that increased the credibility of Brazil in the international financial system.

Finally, with respect to the exchange question, Langoni not only guaranteed the permanence of the formula adopted last year for the devaluation of the cruzeiro in keeping with domestic inflation and without a discount for foreign inflation, but also guaranteed that the monetary correction will not be higher. He added: "The differences which may occur in the short term should not worry the exporters because they will always be corrected." He was referring precisely to the behavior of the rate of exchange during this first quarter, which was very much below the rate of inflation. Revealing the existence of persistent pressures for a large devaluation of the cruzeiro, Langoni concluded by declaring that the government will never take such a step or devalue money only because some prices for primary products on the international market had some significant declines. "The exchange policy cannot be used for compensating for absurd unforeseen fluctuations in the prices of primary products."

8908

CSO: 3001/131

MANUFACTURED GOODS EXPORTS IMPROVED IN APRIL

Rio de Janeiro GAZETA MERCANTIL in Portuguese 23 Apr 82 p 1

[Article by Pedro Cafardo: "Exports Improve in April"]

[Text] First reports on foreign trade activities in April indicate the rate of exports of manufactured products improved, while the level of imports of the sector remained practically unchanged. During the first 12 working days of this month (up to Tuesday), the central agency of the Foreign Trade Department (CACEX) of the Bank of Brazil of Sao Paulo, registered daily exports on the order of \$19 million, average which exceeds that confirmed in the first 3 months of this year by 45 percent.

Depending on the trend set by imports and exports handled directly by the state sector (petroleum, coffee and sugar, for example), the trade balance could show a new surplus in April. Even with such a result, however, concern persists in the exporting sector as to the performance of manufactured products in view of the restrictions placed in recent months in important markets which are buyers of Brazilian products.

Just yesterday the Mexican Government announced a number of new measures for the control of imports. The restrictions are added to others already adopted last year and which have a significant effect on Brazilian exports to Mexico. In addition to Mexico, Nigeria and Poland, important Brazilian trading partners in the unindustrialized bloc, face domestic problems which lead to a reduction of imports. In those countries, according to the president of the Brazilian Association of Commercial Exporting Companies (ABECE), Humberto Costa Pinto Jr., from now on Brazil needs to take a certain risk and not abandon markets. He declared yesterday to reporter Maria Helena Tachinardi, that in time of peace--that opinion is not applicable, however, in the case of Argentina--the international financial market will have to absorb in some way the commitments assumed by those countries.

The success of the exporting effort in the last three quarters of the year, at any rate, will certainly depend on some measures of support already under study in the various government sectors. The director of CACEX, Benedito Moreira, promised yesterday there would be the imposition of a number of measures suggested during the Sixth ENAEX [National Exporters Meeting] within 30 days. "A good number of the measures of an administrative nature in the area of financing and transportation can already be adopted within a very short time, however, the proposals for

tax modifications will have to wait a little longer," said Moreira. Among the measures already approved by the government is one which allows the direct accreditation of the exporter for the financing stipulated in Resolution No 509 (FINEX [Financing and Export Fund]).

The principal request by the exporting sector on the reduction of indirect taxes and labor and welfare assessments will require more detailed studies. Minister of Industry and Commerce, Joao Camilo Penna, declared in Sao Paulo yesterday the government has not yet made a decision on these new incentives. He called on businessmen in the capital goods sector at a meeting in Sao Paulo to participate in the seminar during the first week in May at the BNDE [National Economic Development Bank] in Rio. The government's intention, according to what the minister told reporter Walter Clemente, is to sort out the difficulties of the industry and establish a policy of help to exports in view of the remote possibilities of increases in government orders.

8908

CSO: 3001/131

REVENUES FROM PRIMARY PRODUCTS DECLINE BY 54.11 PERCENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Apr 82 p 52

[Text] The main Brazilian exports of primary products (raw and processed sugar, cocoa, coffee and soybeans) registered a decline of 54.11 percent during the first 2 months of the year by comparison with a like period last year. Sales yielded \$714.7 million, compared to \$1.1 billion, although in terms of quantity the country sold practically the same tonnage as in the first 2 months of 1981.

The reduction in exchange revenues from those products is the result of the change in their prices, which have been falling on the international market since the beginning of the year. The greatest decline was observed in refined sugar, whose average price fell 55.6 percent by comparison with January/February 1981. The soybean group (beans, meal and oil) experienced a reduction of 20.53 percent in its average price, while coffee prices fell 11.1 percent and cocoa 5 percent.

Including meat sales in that total, the decline decreased to 30.88 percent because exports of meat increased by 6 percent, going from \$126.5 million in January and February 1981 to \$134.1 million in the same two months this year. The share of those five products in total exports during that 2-month period fell from 35.7 percent in 1981 to 26.7 percent in the January-February period this year.

With those sales, Brazil obtained revenues of \$848.8 million, compared to \$1,228,000,000 in the same two months in 1981. Overall, Brazilian sales in this period reached \$3,177,000,000, registering a decrease of 7.42 percent by comparison with the \$3,431,000,000 exported during that 2-month period last year. In January and February, 20,936,200 tons were sold, compared to 19,433,500 tons.

An analysis of the figures revealed by the Ministry of Finance shows, for example, that the average price per ton of frozen beef fell \$1,098. To obtain \$27.6 million from that product, the country sold 12,800 tons during January and February. In the same 2 months last year, 2,370 tons were exported for \$7.6 million. [Figures as published]. In the case of coffee beans, Brazil sold 1,185 tons more abroad than in January and February of last year but obtained less revenue: \$277.9 million compared to \$313 million.

Overall sugar exports in January and February this year amounted to \$126.7 million, showing a decline of 43 percent by comparison with sales of \$222 million during the same months in 1981. Brazil obtained \$54.5 million from cocoa in January and February, compared to \$127.3 million last year. Exports of the soybean group totalled \$212 million compared to \$394 million.

EXPORTS
JAN/FEB 81

PRODUCTS	VALUE (IN MILLIONS OF DOLLARS)		CHANGE
	<u>1981</u>	<u>1982</u>	<u>%</u>
1. Coffee	320.5	357.1	-10
Coffee beans	277.9	313.2	-11
Processed coffee	42.6	43.9	- 2.8
2. Sugar	126.7	222.5	-43
Unrefined	71.9	99.3	-27
Molasses	0.7	30.3	-97.4
Crystals	3.6	11.7	-68.8
Refined	50.4	81.0	-37.7
3. Cocoa	54.5	127.3	-57.1
Cocoa beans	20.3	41.3	-50.6
Paste	11.9	43.3	-72.4
Butter	19.8	38.5	-48.5
Cocoa "mass"	2.3	4	-40.9
4. Soybeans	212.7	394.5	-46.0
Beans	---	7.9	-100
Meal	187.2	280.4	-33.2
Oil	20.3	94.4	-78.4
Refined oil	.5	11.0	-56.7
5. Meat	134.0	126.0	- 6
Beef, frozen	27.6	7.6	-258
Beef, processed	43.3	52.5	-17
Horse, frozen	3.5	6.6	-46.6
Fryers, roosters, hens	49.5	59.6	- 0.15
Total--Primary products	848.8	1,228	-30.8
All Brazilian exports	3,177	3,431	- 7.4

Source CACEX

GUERRILLAS RELEASE POLITICAL LEADER

PA162240 Bogota Radio Cadena Nacional in Spanish 1730 GMT 15 Apr 82

[Text] Medellin--Antonio Duque Alvarez, a political leader and former Acting Governor of Antioquia, was released today safe and sound 4 months after he was kidnapped. Persons close to his family told this station that Duque Alvarez arrived home today after he was kidnapped by some 20 members of the Revolutionary Armed Forces of Colombia on 18 January. Duque Alvarez was taken from his farm in La Sierra, Puerto Nare Municipality.

His kidnappers had demanded 15 million pesos for his release, but it is unknown if any ransom was paid. A few days ago Duque Alvarez had sent a lengthy letter to the Peace Commission in which he explained the guerrilla groups' position in the face of the amnesty decree.

As this station reported at noon today, Duque Alvarez is in good condition despite his heart ailment. His relatives told this station that they were very happy to learn of his release. Sunday would have marked Duque Alvarez' third month in guerrilla hands.

CSO: 3010/1493

U.S. SUPPORT FOR UK TERMED THREAT TO WORLD PEACE

PA092242 Havana International Service in Spanish 0000 GMT 9 May 82

["Our America" Commentary]

[Text] The conflict over the Malvinas, created by the United Kingdom with U.S. support, has once again confirmed how the arrogant and imperialist policy of the London and Washington governments endangers peace in the world.

While world rejection of the British aggression against Argentina increases and the international organizations hold sessions to find a peaceful solution for the conflict, the London government increases its aggressive military actions and the United States increases its support for the aggressor.

Today the British government, headed by the reactionary Margaret Thatcher, decided to extend the war zone in the South Atlantic to within 12 miles of continental Argentina. This measure means that any Argentine ship or plane found more than 12 miles off the coasts of their country will be the target of attacks by British armed forces.

Hypocritically, U.S. President Ronald Reagan said that he deplored this decision and then immediately accused Argentina of being responsible for the fact that no cease-fire has been reached. In addition, U.S. military sources are taking steps to give further firm support to the British aggressors.

In criticizing the U.S. policy on this conflict, Rodolfo Piza, Costa Rican ambassador to the United Nations, accused the United States of being two-faced. The Costa Rican diplomat said that to try to justify this infamy under the pretext that Argentina is intransigent insults Latin Americans and shows that the so-called solidarity of the Americans, promoted by the U.S. leaders, becomes an absurdity whenever it does not coincide with the political or continental interests of the United States.

Peruvian President Fernando Belaunde Terry described the British decision to extend the zone of the conflict to within 12 miles of continental Argentina as an infamy that should elicit world protest.

These and other statements made by representatives of Latin American governments who have always kept close ties with the Washington government clearly show the degree of U.S. isolation in our America due to the criminal support it is giving to the British aggression against Argentina.

Of course, this cynical, hypocritical and aggressive U.S. policy is not new. In defending their imperialist interests, the U.S. leaders have always supported aggressive countries in all areas of the world. They have unconditionally supported the South African racists in their attacks against Angola, Mozambique and other neighboring nations. Contradicting the international public, they have supported South Africa, in its genocidal actions in Namibia. The U.S. imperialists also give unconditional support to the Zionists in their repeated and offensive aggressions against the Arab peoples. They supported the Beijing hierarchs in their military attacks on Vietnam and other countries in Southeast Asia. The United States supports Pakistan in its attacks on Afghanistan. It also supports the fascist regimes of El Salvador, Guatemala, Chile, Uruguay and other governments in our America which massacre their peoples.

In its shameless support for the British attack on Argentina, the true imperialist essence of the U.S. policy is out in the open.

The hypocritical statements and promises of U.S. leaders who claim to be defending reason and justice will never erase their actions in favor of injustice and the abuses against the peoples and nations of our America.

CSO: 3010/1497

PCF PAPER INTERVIEWS CUBA'S RAFAEL RODRIGUEZ

PM101003 Paris L'HUMANITE in French 7 May 82 p 8

[Interview with Carlos Rafael Rodriguez, Cuban Council of State Vice President, by Gerard Streiff in Paris: "Cooperation and Differences"--date not given]

[Text] "Very satisfied!" Carlos Rafael Rodriguez was categorical in what he said about his visit to Paris. It was the first time that a Cuban Council of State Vice President had been received by the present French government. This visit should produce "a strengthening of relations between Cuba and France."

Stressing the "extremely cordial" welcome which his French hosts gave him, the Cuban leader added: "There are undoubtedly differences in the way that Cuba and France assess various aspects of international policy. That is well-known. At the same time it should be stressed that the two countries have the same intentions on the decisive questions of our time."

And Carlos Rafael Rodriguez specified: "The way in which France views some security problems does not coincide with ours. But we have found a way of ensuring that these differences do not form an obstacle to joint work."

The Cuban leader then recalled some areas of agreement. For instance, as regards Central America and the Caribbean, he took the opportunity of his meeting with Francois Mitterrand "to thank the president of the republic for the efforts made by France and Mexico to find a negotiated solution to the El Salvador problem."

The Franco-Cuban talks also made it possible to "exchange similar views on the question of complete independence for Namibia which could be an important starting point for solving Africa's problems."

"I told the highest French authorities," he then added, "that Angola and Cuba have reached the conclusion that if Namibia's independence is secured the two countries will have the opportunity to seek a way of preparing for the withdrawal of Cuban troops from Angola--troops which are in that country at its government's request and with the sole objective of helping defend Angola against South Africa's threats."

Bilateral relations between Paris and Havana were deemed to be satisfactory. Cuba welcomed the work of the Franco-Cuban joint commission and the quality of cultural exchanges.

The present visit has produced "a major program of work which will enable Cuba to count on French cooperation in important aspects of its development."

North American Aggressiveness

As for American-Cuban relations, "the Reagan administration is maintaining an aggressive stance toward our country" the Cuban vice president stated.

A new example was provided by the landing of several thousand U.S. Marines on the illegally-occupied territory of Guantanamo. It is therefore legitimate for Cuba to strongly increase its defense capability.

At the same time Havana reaffirms its readiness to open negotiations with Washington on the basis of principle. In this connection a great deal will depend on the settlement of the El Salvador problem.

"Some people are wondering," Carlos Rafael Rodriguez said, "whether Cuba would abandon its solidarity with the Salvadoran people in order to secure an improvement in its relations with the United States. I would like to say this in reply: Cuba does not trade with its principles or bargain with its solidarity."

Cuba is prepared to make a contribution to a settlement of Central America's problems which would also involve the United States with a view to "a process of ordered and peaceful changes which might enable the Central American and Caribbean peoples to achieve inevitable and necessary social and economic changes. The revolutionaries of this region, both in El Salvador and in Nicaragua, know very well that, at this point in their history, these changes are not leading to the establishment of socialist regimes in Central America similar to that of Cuba.

"This has to be said because U.S. imperialism's ideologues are trying to sow confusion and turn the region into a springboard for the Soviet Union. That is a lie. It must be denounced."

Solidarity With the Argentine People

With regard to the Cuban stance in the Falklands conflict, some sections of the press are pretending to be surprised at socialist Cuba's stance.

"We think that the British aggression," Carlos Rafael Rodriguez said, "has changed the Falklands problem. It is not just a matter between the Argentine junta and the British government. In Argentina itself it is a national problem concerning the whole people. It concerns all sections of society and goes beyond just the government circles. That was seen clearly recently when

all the opposition groups took part in a parallel but coordinated way in initiatives with the Buenos Aires Government to secure solidarity from the Latin American countries and from the whole world.

"There is real national unity in Argentina today, beyond the conflict between the government and very big sections of the working class and the democratic forces.

"It is on that basis that Cuba's position is determined. We cannot accept that our differences of opinion with the Argentine government should influence our attitude toward a problem which is not just Argentine but has become a problem for the whole of Latin America.

"Cuba was one of the first Latin American governments to express its solidarity with Argentina and it was in those words that we expressed it to the Argentines."

Finally the Cuban vice president thinks an essential factor in the Falklands war will continue to be "the stance adopted by the United States which, after posing for years as Latin America's protector in the face of any outside threat, has become the main ally of Latin America's aggressors."

Such behavior, Carlos Rafael Rodriguez concluded, has dealt a "deadly blow to the inter-American aid treaty."

CSO: 3100/625

SDAR MINISTER ON RELATIONS, STRUGGLE

PA080218 Havana International Service in Spanish 0000 GMT 6 May 82

[Text] Mohamed Salem Ould Salek, Information Minister of the Saharan Democratic Arab Republic, SDAR, member of the official SDAR delegation headed by the Secretary General of the POLISARIO Front and President of the SDAR Revolutionary Command Council, granted an interview to this station. Salem Ould Salek said the following about the visit to our country:

[Begin recording] First I want to take advantage of this opportunity you have given me to thank the Cuban people, the Cuban Communist Party, CCP, the government [words indistinct] by Companero Commander-in-Chief Fidel Castro for the warm, militant and cordial welcome given to our Companero Mohamed Abdelaziz, Secretary General of the POLISARIO Front and President of the SDAR.

We feel that this visit (?has strengthened) the ties of friendship and solidarity between the two peoples [words indistinct]. It reflects the (?status) [word indistinct] of the relations between the SDAR and the Republic of Cuba.

Within the framework of this visit, President Abdelaziz held a number of talks with Commander-in-Chief Fidel Castro as well as with several CCP and government leaders. President Abdelaziz had an opportunity to review several social, economic and political achievements of the Cuban revolution. We were able to see directly the achievements under the program [words indistinct] in the construction of the fatherland and also to see how the Cuban people, with a few means, have been able to solve many problems which many countries in the world which have more financial and economic means than Cuba have not been able to solve.

It was a great satisfaction to visit Cuba and see how the Cuban people have developed their struggle and been able to attain a higher degree of education, solve sanitary problems and chart an economic and social policy which is quite positive and important, which has substantial results.

During this visit, the Cuban and Saharan sides have been able to exchange information and [word indistinct] and discuss the international situation. Also, [words indistinct] Cuba supported the Saharan struggle for independence.

We feel that this visit will further strengthen the already good relations between the two countries [words indistinct]. [End recording]

Elsewhere in the interview, Salem Ould Salek, SDAR Information Minister, gave us an overview of the current panorama in his country:

[Begin recording] Following the defeat of the Moroccan aggression against our country, following [words indistinct] of aggression, the present situation is characterized by the fact that U.S. imperialism is intervening on the side of Morocco. These bases are destined to strengthen the Moroccan aggression against our country. As you already know, North American imperialism is supplying sophisticated weapons (?and parts) to Morocco [words indistinct] aggression against our country. However, those bases are not [words indistinct]. They are not only aimed at our people, who are struggling for independence, but against many [words indistinct] people and Africa. The internationalization of a conflict which is a conflict [words indistinct] involves serious repercussions on the stability of peace in that area of the world.

This American military intervention will not succeed because our people are determined to enforce respect for their legitimate right, as recognized by the international community. You know that we have the support of Africa, Latin America, Asia, the nonaligned movement and the United Nations. All international organizations have voiced support for the Saharan people's right to independence and sovereignty. The military intervention of U.S. imperialism will not succeed because, in addition, our people are determined to defend their sovereignty and independence.

We can state that, diplomatically speaking, the [word indistinct] of the struggle of our people has been marked lately by the SDAR's admission into the Organization of African Unity, OAU. We feel that this is an important success, not only for our people but to Africa. Morocco's aggression sets a very serious precedent because it is an aggression by an African country with support from abroad, with support from U.S. imperialism, which is participating in an invasion and an aggression against another African country. That is, it is a precedent by [words indistinct] an African country, a colonizer. It is a very serious precedent for Africa.

Therefore, the SDAR's admission into the OAU is not only a success for the Saharan people but for all Africa. [End recording]

CSO: 3010/1497

SDAR LEADER PRAISES CUBA, DENOUNCES U.S.

PA071838 Havana International Service in Spanish 1800 GMT 6 May 82

[Text] Mohammed Abdelaziz, President of the Saharan Democratic Arab Republic [SDAR], has said here in Havana that his country's relations with Cuba are an example of friendship and solidarity.

Abdelaziz, who is also secretary general of the Popular Front for the Liberation of Sagui El Hamra and Rio de Oro, the POLISARIO Front, will end a 1-week visit to Cuba today. He was invited by Fidel Castro, President of the Councils of State and Ministers.

Abdelaziz emphasized that his visit and the results of his comprehensive discussions with the top Cuban leader will serve to further strengthen the ties of friendship and cooperation between the two countries.

At the same time, Mohammed Abdelaziz said that his trip to Cuba is taking place during a period that is decisive to the SDAR, because his people and the region in general are the targets of a U.S. offensive. Washington, he said, is trying to crush the Saharan people's hopes for freedom and sovereignty, as well as the aspirations of other nations in the area. To this end, he said, the United States has made itself a direct threat to world peace and security.

CSO: 3010/1497

HAVANA VIEWS MOTIVES BEHIND GUATEMALAN COUP

PA100300 Havana International Service in Spanish 0000 GMT 10 May 82

["Our America" commentary]

[Text] The political performance of the military coupists in Guatemala increasingly confirms the idea that the main reason for staging a coup was not the desire to eradicate corruption, but the desire to repair the cracks in the ruling structure, an unconditional ally of U.S. imperialism in an effort to curb the spiraling revolutionary movement in Guatemala. The 23 March coup exposed the profound crisis of reactionary power. Fernando Romeo Lucas Garcia's clique had isolated itself from most of the bourgeoisie, the army and imperialism. It had ceased to be the best instrument for maintaining oligarchic, bourgeois and imperialist domination over Guatemala.

Lucas Garcia's reactionary group was displaced to avert the risk that its enthronement--represented by the imposition of Gen Angel Anibal Guevara in the 7 March electoral farce--might culminate with the ouster of dictatorship as a whole, as a result of vigorous action by the people, led by the Guatemalan revolutionary movement.

This fear, rather than the prevalent corruption and crime, was the key element in uniting the major bourgeois opposition parties, the monopolistic bourgeoisie, the land-holding oligarchas and U.S. imperialism for the purpose of staging the coup. These are the dominant forces in Guatemala's economy.

For both the bourgeoisie and imperialism, the electoral fraud ended the possibility of solving, through an election, the contradictions accumulated under Lucas' military clique while the economic crisis worsened and the army's difficulties increased in the course of its unpopular war against the insurgents.

Guatemala's exclusion from the so-called Central American democratic community and the so-called Reagan plan for the Caribbean Basin demonstrated the international isolation of the Lucas clique. During Belize's independence process, Guatemala was left completely alone at the OAS.

Despite the crimes and atrocities they had committed against the people, Lucas Garcia and his supporters had become an obstacle to the dominant Guatemala classes and to U.S. policy in Central America. Therefore, the 23 March coup was plotted not only on behalf of imperialist domination over Guatemala but also as a function of the overall U.S. policy in Central America and the Caribbean. So it is clear that there is an effort to create better political conditions in order to promote not only Yankee interventionism against the Salvadoran people but also the encirclement of and acts of aggression against the Sandinist people's revolution in Nicaragua. The imperialist inspiration of the coup is unquestionable, as is the coupists' demagoguery, in their pretension to seize the antidictatorial banners from the Patriotic and Revolutionary Forces by announcing the implementation of reforms within the framework of the present model of domination.

It is also evident that one of the objectives of the coup is to try to create social and political bases for the anti-insurgency project that is currently being implemented by the military dictatorship with the advice of both the State Department and the Pentagon. The so-called peasant militia is an example. They are nothing but soldiers in civilian clothes; they are in charge of the massacres carried out in Guatemala's rural areas.

The Guatemalan people, however, will not allow themselves to be confused by the new tactics of their traditional enemies. Guatemala's political, social and economic reality confirms that the people's armed struggle is an unrenounceable historical right in the face of a regime that has not changed in essence, and is characterized by injustice, arbitrary actions, abuses and crimes and the most contemptible surrendering attitude toward its imperialist masters and their reactionary policy toward Central America and the Caribbean.

CSO: 3010/1497

HAVANA SCORES U.S. ECONOMIC PRESSURE

FL101253 Havana Domestic Television Service in Spanish 1253 GMT 10 May 82

[Commentary by Francisco-Fortez from PRENSA LATINA during Revista de la Manama Program--live]

[Text] Good morning. Today, we will continue speaking about the U.S. foreign economic policy. Over the last few weeks, the United States has stepped up its pressure and attacks on countries of the so-called Third World. We have two very good examples of this aspect of the U.S. foreign economic policy.

One such example is the Law of the Sea Conference. After agreeing to certain positions upheld by Third World countries in connection with the exploitation of mineral nodules in international waters, during James Carter's administration, the United States, after Reagan's victory, decided to pay no heed to these agreements and has begun to apply pressures in order to preclude a consensus on the Law of the Sea.

In the end, the so-called Third World countries approved an accord seeking a more equitable treatment as far as the exploitation of sea floors is concerned. The United States voted against this accord which means that Reagan reaffirmed his decision to not only avoid establishing channels of cooperation with countries of the Third World but also to undermine these underdeveloped countries as much as possible.

The United States did not restrict itself to voting against the Law of the Sea accords which are being discussed within the framework of the United Nations. It also launched an attack on the poorest sugar-producing countries, even on those which are U.S. allies in Central America and the Caribbean. Undoubtedly, the most serious victims of the U.S. protectionistic sugar policy were those countries which do not toe the Washington line and oppose imperialist maneuvers in the world in general and especially in Latin America.

One such example is Panama which reported a few weeks ago that it will lose over \$6 million per year because of these new protectionistic measures. Why will that happen? Simply because the United States establishes certain quotas, that is, a given amount of sugar which it will purchase from each country, and

it has reduced the quota which it had assigned to Panama. Therefore, the sum which Panama was counting on receiving for its sugar has been cut down by \$6 million. Thus, Panama will receive \$6 million less and will supply only 2 percent of U.S. sugar imports.

Another country which has been repeatedly affected by U.S. economic measures aimed at stopping the revolutionary process underway there, is Nicaragua. The Nicaraguans recently disclosed that the U.S. protectionistic sugar policy--which the United States try to explain by saying that it is aimed at protecting U.S. sugar producers, while in fact, it is only aimed at harming countries which are not U.S. allies--will make it lose \$9 million per year for as long as it is in effect.

There has been yet another report in connection with this sugar problem. It was reported today that the United States is setting up these protectionistic barriers mainly against countries which refuse to support its policy toward the Malvinas Islands. It is well known that the United States is an ally of Great Britain in the latter's attack on a Latin American country, a conflict which must be seen as an imperialist attack on part of this continent.

Now the United States has sided with this extracontinental power and they are both attacking Argentina because Great Britain is even getting U.S. military supplies at this point.

There are yet other aspects of the U.S. economic foreign policy which we will analyze next time, that is, its policy toward European industrialized capitalist countries which are about to hold, together with other capitalist countries, a meeting of the OECD [Organization for Economic Cooperation and Development]. Thus, next time we will analyze the development of this meeting and the (?shortcomings) of which the United States is being accused (?by) these allies.

CSO: 3010/1497

CUBAN, ANGOLAN EDUCATION AGREEMENT SIGNED

FL071225 Havana Domestic Service in Spanish 1054 GMT 7 May 82

[Text] An agreement has been signed in this capital based on the 1976 bilateral cultural-educational cooperation accord formalizing the stay of Angolan students in our country. Angolan Education Minister Augusto Lopez de Teixeira said that everything he had seen in our country had impressed him and would be a source of inspiration to his people. He added that Angolans can benefit from Cuban experience and that it can be said that Cuba will be a model to be emulated in educational matters. He concluded by praising the internationalist mission of the Che Guevara teachers detachment to his country which is highly appreciated in Angola.

Jose Ramon Fernandez, member of the Central Committee and Vice President of the Council of Ministers, attended the signing ceremony.

CSO: 3010/1497

BRIEFS

RODRIGUEZ IN DAMASCUS--Damascus--'Abdallah al-Ahmar, assistant secretary general of the regional command of the Baath Party, has received Rene Rodriguez, President of the Cuban Institute for Friendship with Peoples--ICAP, who is in Syria on an official visit. The Syrian leader praised Cuba and its President, Fidel Castro, and condemned the continued U.S. aggressions. [Text] [FL081850 Havana Domestic Television Service in Spanish 1800 GMT 8 May 82]

CSO: 3010/1497

'ECONOMIC DEMOCRACY' TOP CONCERN, SAYS MONGE

PA091821 Panama City Circuito RPC Television in Spanish 2300 GMT 8 May 82

[Interview with Costa Rican President Luis Alberto Monge in San Jose, Costa Rica, on 7 May, by (Adan Castillo Galastica)--recorded]

[Text] [Question] Mr Monge, we have read your report on some of Costa Rica's current problems. Your views in that report reflect the gravity of many of those problems, most of which are of an economic nature, as you yourself have indicated. Will your government be able to come up with a suitable formula that falls within the same socioeconomic framework of previous administrations or, on the contrary, do you have a different program to confront the Costa Rican crisis?

[Answer] We have a different program. The National Liberation Party [PLN], of course, has had to readjust and Polish its program and strategy. The PLN assuming the administration tomorrow has had to learn a lot, very quickly, in these 4 years following our electoral defeat in 1978. We have been addressing the people with crude frankness because we do not want the people to be misled by demagogic phrases or miraculous offers. It is better for the people to be fully aware of the gravity of the situation, of the very difficult circumstances under which we are receiving the national government. We have great faith, however, in the Costa Rican people's morality, virtues and values. These will enable us to overcome the crisis. For us, overcoming the crisis is the main thing if we are to save the institutional democratic system and our country's stability.

[Question] Does this mean that Costa Rica's traditional socioeconomic structures will be attacked under your administration?

[Answer] Yes, our emergency plan will include not only economic, exchange and monetary measures. The key thing about this emergency plan is that it seeks to create a new national attitude and to gather up the Costa Rican people's wills and energies in order to be able to confront this challenge. We will seek to bring about a number of transformations. The crisis represents an opportunity. We must take advantage of the crisis to give a big boost to Costa Rica's cooperative movement and to give more profound dimensions to Costa Rica's economic democracy by giving to Costa Ricans more access to property. There is a phrase that sums up very well this idea of providing our democracy with an

economic dimension: we do not want a land of proletarians but a land of property owners. The transformations we seek are aimed mostly at the economic dimension of democracy. We think that very important goals have already been achieved in the area of political democracy. Some goals, not yet fully satisfactory, have also been achieved in the area of social democracy. At this stage, we must advance in creating economic democracy in this country.

I would like to take advantage of this occasion to send a cordial and fraternal greeting to the Panamanian people. Panamanians know that they are loved here. There is a current of cordiality and affection between our two peoples and at the present historical juncture in Central America and the Caribbean we think it is imperative to strengthen our diplomatic, political commercial and cooperation relations with Panama as much as possible. The 4 years of the administration we begin tomorrow will be 4 years of closer and closer ties with Panama.

CSO: 3010/1505

COMMENTATOR ON EFFECTS OF U.S. FALKLANDS STAND

PA071931 San Salvador LA PRENSA GRAFICA in Spanish 6 May 82 pp 7, 55

[Carlos Giron commentary: "The Thatcher, Instead of the Monroe, Doctrine"]

[Excerpts] The aggressive British invasion against Argentina, launched with a vehemence worthy of a better cause by Prime Minister Margaret Thatcher, has dragged through the mud the Monroe Doctrine that said that America is only for the Americans. (It should be noted that it refers not only to the "Americans" of the north, but to all natives of this continent.)

The Reagan administration did not think that the economic boycott decreed against Argentina by the EEC was enough; thus it prescribed its own sanctions.

The North Americans also appear not to realize the precedent that they are setting by allowing an extracontinental power to attack and invade American lands. To make things worse, not only did the North Americans permit the aggression, but they, themselves, are assisting Great Britain, even militarily, to carry out its treacherous attack against unarmed and defenseless Argentina.

The U.S. attitude, which has left all Latin Americans stupefied but has also opened their eyes so that they can see clearly who their friends are, will have profound repercussions on relations between the United States and Latin America. In fact, from this moment--that is, from the moment in which the United States publicly aligned itself with Great Britain's warmongering cause--those relations have been seriously modified. Latin America will have to begin to learn to stand on its own and to begin to give up, to gradually sever, its ties to the northern power. In the final analysis, it will be necessary to decide who really needs the other the most: whether Latin America needs the United States the most, or vice versa. It is not difficult to guess.

Latin America is not a military or tactical objective, but it is a strategic objective for the USSR, just as the United States is. It would not be necessary for our countries to align themselves with the USSR; it would be enough to maintain a neutral position for the U.S. power to feel the full weight of a war--which it has never felt in its continental territory, with the exception of the attack on Pearl Harbor.

On the other hand, in times of peace, most Latin American countries have a vast extension of territory [as heard] with sufficient and unlimited natural resources, the raw material that the United States needs so much to nourish its industry; the products of which are later used to flood our countries.

The fact is that unless there is a turnover in the world, and if the world is set on fire by the Anglo-Argentine conflict, in the event of Soviet intervention, the relations between Latin America and the United States will have made a 180-degree turn; obviously to the greater detriment of the United States than Latin America.

CSO: 3010/1505

FMLN'S ANA MARIA DISCUSSES MILITARY VICTORIES, U.S. INTERVENTION

Managua BARRICADA in Spanish 6 Apr 82 p 10

[Text] The people's army is snatching military control away from the Duarteist army in urban areas, "thus acquiring a greater revolutionary presence in cities, in a quantum leap in quality which our forces will continue to strive for, said Commander Ana Maria, a member of the General Command of the FMLN, in exclusive statements published by BARRICADA INTERNACIONAL in its latest edition.

The Salvadoran leader thus analyzed the objective of the recent politico-military offensives which have led the FMLN to strike out against the Christian Democratic army with success in Usulután, Chalatenango, San Francisco Gotera, Yolaiquín, San Isidro Labrador, San Salvador, the capital, and Santa Ana, among others.

Besides calling the post-electoral crisis of the Salvadoran left "a shuffling of power in high echelons," Commander Ana Maria said that we fly the banner of negotiation whenever it fulfills the just aspirations of the people."

Ana Maria who, in reality, is Doctor Nelida Anaya Montes, former leader of the National Association of Salvadoran Educators and a former Secretary General of the Popular Revolutionary Block--according to data from the Mexican magazine, POR ESTO--was interviewed by BARRICADA INTERNACIONAL in Mexico, where she denounced fraud and electoral maneuvering on 28 March.

Commander Ana Maria told BARRICADA INTERNACIONAL--an FSLN publication for foreign readership--that a rightist military coup d'etat is foreseeable if the recent North American move to keep the christian democrats in power fails.

This is a part of the Reagan overall strategy for Central America, of which the Readex-82 maneuvers are a part, the legendary guerrilla said.

She said that these maneuvers are "the prelude for military intervention," for which "the people should be on guard."

Commenting on military strategy, Ana Maria expressed that this is part of the "strategy of a popular war waged by the people and their vanguard, the FMLN."

Aside from pointing out that these are "quality leaps in the war," she added that the goal "is the triumph of the people's power."

On analyzing the post-electoral position, she said: "We are clear in that reshuffling power at the highest levels is always fraught with demagoguery and terror." For its own purposes and objectives, imperialism is ready to set its plot in motion for direct or indirect intervention utilizing the armed forces of puppet governments, even though they were hoping that the outcome would be the strengthening of Christian democracy, which has yet not occurred."

"The electoral process has caused discrepancies at the highest echelons of power on the Right; one must pay attention to how these discrepancies will be resolved which, after all, do not have in mind the solution of the ever-widening Salvadoran conflict."

Speaking of negotiations, Ana Maria clearly expressed that "the FMLN upholds the negotiated way out, because it is always looking for a political way out of conflict. If Mr Duarte or the government-to-be says that he or it sees no possibility of negotiating with the guerrillas, I don't know with whom they wish or think they should deal."

"The FMLN is an instrument of the people. There is no solution to the conflict if they don't take the aggressive strength of the people into account.... we raise the flag of negotiation as soon as the just aspirations of the people are fulfilled."

As far as imperialist military intervention in the region goes, Commander Ana Maria fully explained that this came about when peoples of the world defend their right to be free.

"To the extent that Nicaragua defends its people as it does, it defends its right to self-determination; to the extent that the Salvadoran and Guatemalan peoples become involved in their own revolutionary process, so imperialism with Reagan's fascist clique will be ready to intervene because for them time is slipping away. The correlation of forces in the international realm do not take them into account either.

"They consider Latin America their backporch. Intervention is a real possibility at any time. The best way that we Central American people can act is to mobilize ourselves and stop it."

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CS0: 3010/1446

HAVANA REPORTS VARIOUS GUERRILLA ACTIONS

PA092121 Havana International Service in Spanish 1600 GMT 9 May 82

[Text] Reports from Panama City reveal a number of guerrilla actions and the continued repression of the regime headed by Gen Efraim Rios Montt, while the Guatemalan Committee of Patriotic Unity declared that the Guatemalan people are convinced that the only alternative to victory is the people's revolutionary war.

The news agencies report an attack on a military patrol near la Palmera farm, in Quezaltenango Department. Further details of the attack on the San Miguel Tucuru, in Alta Verapaz Department, were revealed Saturday. It was reported that the post office and telephone installations were seriously damaged and that a soldier killed in action.

In various areas of Guatemala City, rebel commands set fire to three buses and a freight car. Meanwhile the new military junta is conducting a vast massive repressive plan in the northern part of the country.

In San Pedro Jocopilas, Quiche Department, paramilitary bands broke into a home and killed four persons. In Chichiscatenango an armed group entered another home and killed two peasants.

In San Pedro Pinula, Jalapa Department, individuals in civilian clothes killed a youth.

In reference to this criminal campaign, the Guatemalan Committee of patriotic unity said the military members of the new junta are repressors; they are responsible for the massacres and abuses against the people of the Central American country.

Meanwhile, the Guatemalan Association of Democratic Journalists said the military regime will not be able to hide too much longer the campaign to exterminate indian communities and create concentration camps for survivors.

CSO: 3010/1504

BRIEFS

REACTION BATTALION--According to national police sources, the institution's general directorate has already authorized the operation of a new special operations battalion. Its acronym will be BROE. Its mission will be to control very special situations that might threaten the public order. It will also be in charge of conducting high-level technical investigations. The BROE is reportedly operating already within the national police's general directorate. It has replaced the security corps known as (SUAT), which will disappear, making way for the reaction battalion for special operations [Batallon de Re-en Operaciones Especiales--BROE]. The BROE will also oversee the operations to capture those who violate the country's laws. [Text] [PA092158 Guatemala City Radio Nuevo Mundo Network in Spanish 1200 GMT 7 May 82]

CSO: 3010/1504

PEASANTS UNION PROTESTS ARRESTS IN NORTHWEST

PA071840 San Pedro Sula TIEMPO in Spanish 5 May 82 p 5

[Text] The National Union of Peasants (UNC) yesterday reported that the anti-terrorist law approved by the National Congress has already begun to be applied against UNC members, particularly in northwestern Honduras.

Marcial Euceda Diaz, secretary general of the UNC, said that since 1 May, about 50 peasant leaders in Copan and Santa Barbara departments have been arrested and accused of being "subversives."

He said that "the only crime of those companeros is to demand the land that for years the authorities have denied them."

"Like all the peasants in the country they are tired of the demagoguery and the promises of the government. This is why they are carrying out a large operation of recovery and seizure of lands. This is why they are accused of being subversive."

Euceda Diaz gave details of the 11 leaders arrested near Santa Rosa de Copan, who are being held in the prison there. He said that efforts were made to apply the antiterrorist law against them.

He said that in El Nispero and Atima, Santa Barbara department, another group of peasants was captured. In that area, a big landowner and leader of the Liberal Party named Mauro Avelar is accusing the peasants, and the authorities are applying the antiterrorist law.

"We demand the release of all our companeros. We also condemn the inability of the National Agrarian Institute (INA) to attend to the Agrarian reform demands we have been making since January," he said.

Euceda Diaz said that "it seems that the government has decided to spend millions of lempiras in building more jails or expanding existing ones in order to arrest all the peasants who will be accused of being subversives because we demand Agrarian reform. It would be better to invest that money in carrying out Agrarian reform, thus preventing our protests."

CSO: 3010/1503

U.S. RAPPED FOR SIDING WITH UK OVER FALKLANDS

PA072222 Tegucigalpa Voz de Honduras in Spanish 1145 GMT 5 May 82

[Andres Torres commentary]

[Text] The war over the Malvinas Islands is a question of pride for the Argentine people and a matter of colonialism for the British. Given U.S. solidarity with Great Britain, only the spoils are left of that which was and is still called the OAS.

Blood is thicker than water and if it is old blood, all the more. As the United States has demonstrated. The United States has thrown its neutrality in the Malvinas issue to the devil [al Carajo] and sided with Great Britain.

We always had the impression that the United States was playing cat and mouse with its vaunted mediation. It thought that it could frighten Argentina by saying that time was running out so that the government would quickly agree to renounce its sovereign rights in favor of Great Britain. Since this goal was not achieved, the United States decided to lend its solidarity to the British.

We do not know whether the United States has weighed the consequences of taking the transcendental step of breaking up the inter-American system. Apparently that country is more interested in the North Atlantic ally than in the 21 countries which signed the inter-American Reciprocal Assistance Treaty [TIAR]. It would now be difficult to believe in that instrument which was signed in Rio de Janeiro in 1947 because it is obvious that the TIAR will only function if the United States so requests, and not when the other countries ask for its application.

Because we are experts in international politics, i.e. dare to affirm that at this moment all the credibility and confidence which the American countries had, has been smashed with one single blow. The voices of dissent have already been heard. Almost in unison adverse declarations have been pouring out against the U.S. position.

Of the OAS forum only the spoils remain and the United Nations forum is in a precarious situation. The great powers do not respect the decisions which, by the way, are as lukewarm as the attitudes which they establish. Long before

UN resolution 502, the United Nations asked Great Britain to give up the Malvinas. It did not comply with the decision. However, now and without any shame, England demands compliance with resolution 502, which orders Argentina to give those islands up.

As we see it, the small countries are at a crossroads. They are members of international organizations for nothing, because it is the great powers which give the orders and the commands. It is shocking to see the show of British military force in the South Atlantic to enforce its colonialist thesis. It is indecent for the great ally of America to side with colonialism. And it is disastrous for the inter-American bloc that powers from another continent can intervene with impunity on our continent.

In this whirlpool of war, the Soviet Union is gauging the possibilities for its own gain. In our opinion, Argentina is being pushed into seeking support wherever it may be found, a circumstance which could cause a war of larger proportions. Great Britain does not want to hear anything from the UN Secretary General; it is not interested in his mediation. At least that is what Mrs Thatcher said in the House of Commons when the labor bloc asked her for a peaceful solution to the problem. The British believe only in arms to dissuade any opposition. Far from creating security to consolidate world peace, this attitude causes fear and inspires resentment.

Great Britain cannot prove that it owns the Malvinas Islands even historically. It can only prove that there is oil on the Malvinas continental shelf. Therefore, Great Britain wants to expel Argentina. Violence is deplorable, but war is much more deplorable when it is declared without one shred of morality. Pride is killing the Argentine people and thievery is motivating the British. The world is accumulating misery and this conflict will hit the humble harder than the potentates because, whether anyone wants to or not, the cumulative negative effects will soon be evident in the underdeveloped countries.

CSO: 3010/1503

BRIEFS

IDB CREDIT LINE--IDB sources granted a 1-million lempira credit line to our country to encourage the production and exportation of our products to the U.S. market. The credit line can be increased to 8 million but it is recommended that this be used to boost the export of furniture, arts and crafts. [Tegucigalpa Televisora Hondurena in Spanish 0130 GMT 6 May 82]

CSO: 3010/1503

MINISTER OF INTERIOR TOMAS BORGE SPEAKS TO WORKERS

Managua BARRICADA in Spanish 7 Apr 82 p 5

[Text] If the imperialists make a mistake and attack us, men, women and children will rise as a single man, as a single voice, to shout FREE FATHERLAND OR DEATH. This is not merely a slogan since it comes from our heart and reflects the willingness of our people to die preserving their freedom.

Tomas Borge, commander of the revolution and minister of interior, last night closed a long speech with those words, while thousands of workers from all sectors gathered at Plaza de Toros applauded with revolutionary enthusiasm the member of the National Directorate of the FSLN [Sandinist National Liberation Front].

Patience Is Not Weakness

Commander Borge equated patience and prudence with the first barrier, with the first firing line of the Sandinist people's revolution.

It is such patience, he said, that has taken us insistently to international deliberative organizations and forums to seek peaceful solutions to conflicts. This position should not be confused with weakness, for it reflects the maturity of our revolution.

"Some hackneyed Central American militarymen and their imperialist masters could mistakenly interpret it as weakness," added Tomas, but such interpretation deliberately ignores an evident reality: behind the first barrier, behind the first firing line of patience, there are other barriers and a powerful and immense firing line formed by the rifles of the patriots.

Therefore, he said, when we speak of patience, we do so with a high sense of responsibility; in other words, we are linking patience to the constant and disciplined combat formation of our people to respond to the aggressors on the field to which they choose to take the fight.

Counterrevolution and CIA Are the Same

When he referred to the imperialist acts of aggression against our country, Tomas called attention to the fact that "the score of specialists who

participated in the destruction of the bridge over Rio Negro used the sophisticated C-4 explosive, which even Central American governments lack and is part of the typical arsenal of CIA terrorists."

The actions of the counterrevolution (which we outline on page 7), explained the leader, are part of a more complex and dangerous aggression in which Somocists are one of the parties involved. In this regard, he stressed the impudence with which imperialism constantly conducts spy flights over our territory in open violation of international law.

Included in that same context are the actions of the most reactionary sectors of the Honduran Army. These not only do not restrain the groups whose camps proliferate along the border, but also have attacked border posts several times and even have gone to the extreme of kidnapping 22 peasants, most of them women and children, in an act of open hostility toward Nicaragua.

Meanwhile, the forces which internally support the aggressive option of imperialism do their work, taking advantage of any situation. An example of this are the handbills and documents, one of which, from the so-called LA PRENSA trade union, has been circulating at religious services after the JGRN [Government Junta of National Reconstruction] was forced to suspend the Easter Week holiday because of the threat of external aggression.

Yesterday's JGRN decision to permit Christians to attend religious services if they so wish, as long as defense is not neglected and production is maintained, was described by Tomas as an example of unrestricted respect for religious beliefs.

However, he explained, the internal counterrevolution had taken on the task to spread the idea that suspension of the Easter Week holiday was the beginning of a government policy aimed at encouraging "the abandonment of religious worship."

The leader labeled as pharisaic those who want to cause a confrontation between Christians and the revolution, emphasizing that those who wish to "can meet their religious obligation without neglecting the requirements imposed by a dangerous situation."

Citing biblical texts, Tomas asserted that the liturgies point out that the principal Easter Week religious rites can be observed at times that do not interfere with what normally are considered working hours. Such is the case of the Lord's Supper on Holy Thursday which can be observed in the afternoon, or the Passion of Christ which can be observed later.

It was in the face of this reality that the JGRN proposed to the [church] top hierarchy that the hours of religious services be changed so that those who work could attend but, regrettably, the episcopal curia ignored the request.

People Will Set Example of Maturity

Our Christian people who will attend the religious services they wish to in an orderly fashion, will give reaction a lesson in maturity and consciousness

by meeting their religious obligation and fulfilling their role in production and defense of peace, said Borge amid the applause of the workers.

The commander underscored the confidence which the National Directorate and government have on the high sense of responsibility gained by the people and forged in a thousand battles for their freedom.

Borge attacked those who have fought the JGRN decision claiming a false religiousness. He recalled that the bourgeoisie, precisely those who today protest the most for the suspension of Holy Week, are the same ones who turned the Holy Week and patron saint festivities into a bacchanalia, an orgy of drinking, prostitution and prohibited gambling; and they went to the beaches where, of course, there never was any religious service. These same pharisees, he said, are the ones who made true believers label Holy Week as "Loafing Week."

We Have No Time To Rest

Urging the workers to make rational and responsible use of the government offer to attend religious services, Tomas announced that "we, the members of the FSLN National Directorate and of the JGRN, will be with our people, touring the country's work places and defense centers."

It is good to remind those who will attend the services, said Tomas, that at the same time, thousands of Christian men and women belonging to the EPS [Sandinist People's Army], MINT [Interior Ministry] and EPS [referred to in the feminine gender] will be praying in their trenches, and will be praying hard for peace in Central America and for a stop to the claw of imperialism in Nicaragua."

Those thousands of unselfish brothers will not have the slightest rest in these days and will pray, ready to strengthen their spirit of struggle and morale at the service of defense of the fatherland, he concluded.

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CSO: 3010/1445

TRADE AGREEMENTS WITH PANAMA CONSIDERED POSITIVE

Managua EL NUEVO DIARIO in Spanish 18 Mar 82 p 7

[Text] Deputy Foreign Trade Minister Bernardo Chamorro has described as very positive his visit to Panama where he met with his counterpart to examine and ratify the current Free Trade and Preferential Exchange Treaty between the two countries.

Among the most important agreements reached was the signing of a trade agreement, which restricts four Nicaraguan products that were causing much harm to Panamanian national firms.

The restricted products were tiles, commercial refrigerations, steel wool and cramp iron. However, our quota will be reviewed within 6 months at the latest, said Chamorro.

It also was viewed as possible to expand trade relations by shipping more of our products to Panama and importing some from that country. A list of export products will be drafted for this purpose.

A provision of the Panamanian Government to negotiate a \$10-million loan for the Central Bank of Nicaragua also was established in the agreement. Our country then will be able to import Panamanian goods on credit and make payments on reasonable terms, said the deputy foreign trade minister.

Renewal of the treaty is very important since the prospects for our export products are greater. Moreover, it was considered necessary to strengthen the content of the negotiation, which includes increased trade and more fluid trade mechanisms.

It should be noted, said the Foreign Trade Ministry's director of integration, Orlando Solorzano, that the quota on certain Nicaraguan export products also has been established by Panama for all similar products exported by other Central American countries, in view of the special and difficult economic situation that is affecting such industrial activities in Panama. Therefore, the Panamanians requested control on such Nicaraguan exports.

By virtue of the bilateral treaty, Nicaraguan exports to Panama in 1981 amounted to \$1.208 million, while imports amounted to \$1.772 million. This represents a rise in our export products and stability of imports.

The latter can be attributed to the rationalization measures which primarily are aimed at consumer goods, and this has helped to maintain the 1980-81 import levels, asserted Solorzano.

The bilateral free trade treaty between Panama and Nicaragua has been in effect for many years. However, asserted Solorzano, there has been little implementation of this legal document, and for this reason there is now an attempt to revitalize it so that trade between the two countries can be given capacity and importance.

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CSO: 3010/1445

IRANIAN LEADER TERMS VISIT 'SUCCESS'

PA091512 Managua Domestic Service in Spanish 0000 GMT 9 May 82

[Text] We found warmth, sincerity and frankness in the Nicaraguan officials and people, said members of an Iranian delegation that visited this country for several days.

A Nicaraguan delegation will go to Teheran, in September, carrying specific offers for the signing of a bilateral trade agreement between the two countries. This is one of the immediate results of a visit by the Iranian mission that ended today with a news conference at the Intercontinental Hotel.

During the conference, (Mossahar Jarani), the leader of the delegation, expressed his satisfaction with the preliminary agreements reached during the meetings here with officials of the Foreign Trade Ministry, the Central Bank, the Planning and Foreign Relations Ministries and other officials.

Mr (Jarani), deputy commerce minister of Iran, reported that his 13-man mission had formed various groups for the talks in this country, which lasted several days.

The Iranian official indicated that his country could purchase sugar, meat, chemical products, wood and molasses, from Nicaragua, while Nicaragua could purchase oil, machinery and steel and petrochemical products from his country. He added that he felt his visit to Nicaragua has been a success. We hope, he said, that the fledgling Nicaraguan revolution will be successful in implementing its plans for the economic and social development of its people.

The Iranian official also noted similarities between the Iranian and Nicaraguan revolutions. Asked about the possibility of finding a formula for peace between Iran and Iraq, the official said that so far his country has made various proposals that have not been accepted by the other party and for the time being, Iran remains in a position to achieve a military victory.

CSO: 3010/1501

CIDH MISSION VISITS MAGISTRATES, PRISONERS

PA071641 Managua Domestic Service in Spanish 0000 GMT 6 May 82

[Text] After a 2-day tour of the Zelaya Department, the mission of the Inter-American Human Rights Commission, CIDH, returned to Managua this afternoon, headed by its President Tom Farer.

The commission is visiting Nicaragua by special invitation from the revolutionary government to directly learn about the situation of the Miskito population located in the Zelaya Norte Tasba Pri settlements.

On Tuesday morning, the CIDH members attended an exposition presented by Julio Arrocha, vice minister of the Atlantic Coast, on the reasons for the development of the urban complex of Tasba Pri, where 39 Miskito communities have been relocated. These Miskitos had previously inhabited the Rio Coco River Banks.

The commission also visited the (SASA) and Sumubila settlements, where they met with the residents and were able to see the settlement conditions for themselves.

Today, the commission visited the Puerto Cabezas, prison, where they were able to speak privately with the inmates concerning their situation. They also held discussions with the authorities of that port on the Atlantic Coast of Nicaragua.

In the afternoon, the commission met with the magistrates of the court of appeals as well as with the defense counsels of Miskito citizens who are on trial.

Statements by Dr Julio Cesar Aviles, vice president of the Nacional Committee for the Promotion and Protection of Human Rights, who accompanied the CIDH delegation, follow: [Begin recording] The national committee for the promotion and protection of human rights of Nicaragua planned the visit of the CIDH delegation so that it could study the problem of the Miskitos, a controversial problem that is being manipulated abroad through accusations that Nicaragua is violating the fundamental human rights of the Miskito community along the Atlantic Coast.

The Inter-American Commission arrived this week at the invitation of the National Reconstruction Government of Nicaragua and Commander Ortega. The Nicaraguan

Government ordered that all doors be opened to the commission. The National Committee coordinated the [words indistinct]. They have seen whatever they wanted to see. Completely. They had a meeting with Commander Borge who told them that the doors of Nicaragua were completely open for them, and that he would like to hear any recommendation from the CIDH because he wants Nicaragua to serve as an example for America and the world regarding protection of human rights.

CSO: 3010/1501

MIDINRA'S DIRECTOR OF PRODUCTION VIEWS COTTON HARVEST

Managua BARRICADA in Spanish 6 Apr 82 p 10

[Article by Eduardo Estrada]

[Text] Leon--The cotton harvest has ended throughout the country and it reached a final production, as BARRICADA had anticipated, of 4.8 million quintals of raw cotton. Although this represents 90 percent of the proposed goal, improved yield compensated for lower production in some areas, such as in the west. The yield in the east reached up to 34 quintals per manzana [1.7 hectares].

Chinandega and Leon were the most affected, primarily by excessive rainfall and by the "boll weevil." Production reached better yields per manzana in Managua, Masaya and Granada.

Rolando Martinez, director of production of MIDINRA [Ministry of the National Agrarian Reform Institute], said that expenditures on "boll weevil" control exceeded what had been planned. Examining the work in Leon, Martinez explained that 59 million cordobas more than had been estimated were spent on insecticides, and it has been confirmed that the pest consumed up to 5 quintals per manzana for a loss of 113 million cordobas. Raw cotton production in Chinandega Department was 1.818 million quintals, while Leon's was 1m818,109 quintals, representing 85 and 86.57 percent, respectively, of production goals.

The yield was 31.2 quintals per manzana in Chinandega, where the APP [Area of the Peoples Property], with 36 quintals per manzana, surpassed the private sector which reached 31.14. A total of 126.718 bales already have been processed.

The yield in Leon was 30.59 quintals per manzana. The APP also surpassed the private sector in better yield per manzana and in cotton production. A total of 131,389 bales have been processed in Leon.

MIDINRA's Director of Production Rolando Martinez referred to the causes of low production in the west, asserting that "there was excessive precipitation and poor control of pests."

"The excessive rainfall," he explained, "did not permit weed control and resulted in the leaching of fertilizers. Paradoxically, in addition to the abnormal distribution of rainfall, the winter was short."

"The previous harvest ended too late," he continued, "which precluded weeding and clearing of fields at the proper time. Sowing was done late and fields were not prepared well."

Specifically examining the situation in Leon, he said an expenditure of 3,500 cordobas for insecticide per manzana had been allocated but this figure swelled to 1,000 cordobas more.

"It is for this reason that we are insisting that producers do their weeding and stubbing work on time so as to control the boll weevil," he concluded.

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CSO: 3010/1445

BRIEFS

VEHICLES DONATED TO SETTLEMENTS--The Cuban people and government have given a valuable donation to the Miskitos in Tasba Pri. During the Rosita mining community's 1 May celebration, the Cuban people and government gave a donation to the Tasba Pri project in Northern Zelaya. The donation consists of 15 jeeps, 20 trucks and 10 tractors. The announcement was made by guerrilla Commander William Ramirez, Atlantic Coast minister, who expressed thanks for the effective solidarity of the fraternal people of Cuba. Minister Ramirez said that the donation greatly helps to alleviate the problems faced by the new settlements and communities in obtaining good agricultural protection. The donation will help eliminate the collective transportation difficulties and transport produce from the most remote parts of Northern Zelaya. [Text] [PA071619 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 4 May 82]

NONALIGNED MEETING ATTENDED--Foreign Minister Miguel d'Escoto Brockmann will head the Nicaraguan delegation that will participate in a ministerial-level preparatory meeting of the nonaligned countries movement to be held in Cuba from 30 May to 4 June. The meeting, to be attended by the foreign ministers of the nonaligned countries, will analyze ongoing preparations for the seventh summit meeting of chiefs of state to be held in Baghdad, Iraq, in September. Participants in the meeting will also assess the manner in which decisions have been implemented and evaluate the program of action for economic cooperation among the 95 nonaligned member countries. The foreign ministers will also discuss the international situation that has been developing since December, 1979, when the movement's sixth summit was held in Havana. Further, they will evaluate the role played by the nonaligned movement in international relations, in line with decisions made in a ministerial movement in New Delhi, India, in February, 1981. [Text] [PA072149 Managua Domestic Service in Spanish 0000 GMT 7 May 82]

AGREEMENT WITH MEXICO--This weekend, the Mexican secretariat of agroindustries and human resources and officials of the Nicaraguan Agricultural Development and Agrarian Reform Ministry [MIDINRA] signed the second phase of the technical cooperation program that the Mexican Government offered to Nicaragua as part of the food programs being carried out by the two countries. The technical cooperation agreements to draft the terms for a course on the evaluation of agroindustrial projects were started last year. This important agreement intended to help Nicaragua's agroindustrial development was signed by (Rodolfo Echeverria Simos), general coordinator for industrial development of Mexico, and (Roberto Gutierrez) of the MIDINRA of Nicaragua. [PA101456 Managua Domestic Service in Spanish 1200 GMT 4 May 82]

MEXICAN DOCTORS ARRIVE--Eight Mexican doctors of various specialties have arrived in this country for a 3-year residency. Their services in Nicaragua are in fulfillment of the mutual cooperation and assistance agreement signed last year by Minister of Health Lea Guido and the rector of the University of Puebla. The agreement calls for the exchange of scientists from both institutions. The eight doctors will serve their residency in centers and hospitals of the capital, which shows the quality of medical training in our country. The visitors were received at Managua's airport by Dr Ivan Tercero, deputy minister for medical care and preventive medicine; Dr Humberto Lopez, director of medical training and continued medical education; and Allan Lacayo, director of the Health Ministry's International Relations Department. [Managua BARRICADA in Spanish 7 Apr 82 p 12] 9925

AID FOR C.A. DISCUSSED--The Nicaraguan delegation, headed by Sergio Ramirez Mercado, that will visit eight European countries is now in Belgium. According to reports from international news agencies, Sergio Ramirez met today with EEC President (Gaston Dhoore) and with development and foreign policy commissioners, (Edgar Pihany) and (Hasten Tand), respectively. Ramirez spoke about the needs of the Nicaraguan people and the general situation of the Sandinist revolution. He emphasized the nonaligned character of the revolution and its struggle in favor of the principles of national sovereignty and self-determination and against the maneuvers of U.S. imperialism. The EEC representatives told the Nicaraguan delegation that within the next 15 days, a commission will present a program on special aid for the Central American countries, including Nicaragua, of course to the EEC Council of Ministers. The EEC representatives said that in the meantime, it is expected that the necessary preparations for the implementation of the program will be completed. News agencies have estimated that the aid program will be completed. News agencies have estimated that the aid program will be for \$60 million. During the past 2 years, the EEC has given \$50 million in aid to Nicaragua, in solidarity with our revolutionary process. [Text] [PA071722 Managua Domestic Service in Spanish 0000 GMT 6 May 82]

FSLN ACCUSED OF IMPORTING MERCENARIES--East German and Cuban communist mercenaries arrive daily in Montelimar. The FSLN dictatorship greatly distrusts its own troops. The Nicaraguan Democratic Force [FD] intelligence services have informed radio 15 September, the voice of a people who have decided to be free, that thousands of communist mercenaries from East Germany and Castro's Cuba arrive daily in the mangy dogs' military complex at Montelimar. Our contacts throughout the national territory have determined that large numbers of Marxist mercenaries arrive daily in Montelimar aboard Compania Cubana de Aviacion and Soviet Aeroflot airplanes. According to the information supplied by our intelligence services, the criminal military dictatorship of the mangy-dog traitors plans to bring 15,000 Cuban and 10,000 East German mercenaries into the country. The FDN and the independence army, which is fostering our real liberation from these mountains, have determined that this new flow of communist mercenaries is prompted by the fact that the genocidal FSLN regime now understands the true magnitude of the Nicaragua people's rejection of its totalitarian and repressive dictatorship. The criminal leaders of the murderous FSLN are perfectly aware that members of the militia and the Sandinist people's army are also among those who, headed by the FDN and the freedom commando groups, have decided to free themselves. Therefore, there is reason

for the mistrust and total lack of confidence that the dictatorship of the armed frontist party has in its own troops and repressive institutions. [Excerpts] [PA110126 (Clandestine) Radio 15 September in Spanish to Nicaragua 0230 GMT 10 May 82]

SUPPORT EXPRESSED FOR ARGENTINA--The Nicaraguan Committee of Solidarity with the peoples of America supports Argentina's unquestionable sovereignty over the Malvinas Islands as part of its territory. The committee condemns British colonialism that, against all right and reason, wants to maintain that territory as symbol of colonialism in our America. We also condemn the attitude assumed by U.S. imperialism, not only for failing to support Argentina's sovereign rights, nor remaining neutral, but for giving its support to British colonialism. We feel it is time to do away with the OAS and to organize a new group which excludes the United States. We feel that no Latin American intellectual should be indifferent to this conflict. We must all work together to build our present and our future. [Signed] Ernesto Cardenal, Mariano Fiallos, Lisandro Chavez, Vidal Luz Meneses, Jose Coronel Urtecho, Omar Cabezas Lacayo, Edelberto Torres, Francisco de Asis Fernandez, Carlos Mejia Godoy, Ramiro Lacayo, Carlos Tunnerman, Uriel Molina, Moises Hassan, Michelle Majlis and Fernando Silva. [Communique issued by the Nicaraguan Committee of Solidarity with the peoples of America; date and place not given] [Text] [PA090225 Managua Domestic Service in Spanish 0300 GMT 8 May 82]

GENOCIDE--The Guatemalan military junta that emerged after the 23 March coup is hastening to implement its counterinsurgency project, which calls for the confining of the indians who live in the Western highlands to concentration camps. Only cemeteries, razed villages and desolation remain outside these camps. Between 24 and 29 April alone, five massacres were reported. These massacres resulted in 150 casualties. This information was provided here in Managua by (Marcos Figueroa), a journalist who is accompanying a delegation of exiled journalists. (Figueroa) added that through Gen Efraim Rios Montt, the U.S. ambassador in Guatemala has offered \$50 million to the Salvadoran junta [as heard]. This is part of the U.S. State Department's plan to strengthen the junta's programs in Western Guatemala, one of the areas where guerrilla activity is most intense. Our source added that the Guatemalan Association of Democratic Journalists warns all democratic and revolutionary journalists against allowing themselves to be confused by the new government's demagoguery. The association also urges them to denounce internationally the genocide that is currently taking place in Guatemala. [Text] [PA092216 Managua Domestic Service in Spanish 0300 GMT 8 May 82]

CSO: 3010/1502

VISIT BY CUBA'S RAMON CASTRO

Statement at Hospital

PA031758 Panama City MATUTINO in Spanish 1 May 82 pp 1-A, 8-A .

[By Ernesto Quijada]

[Excerpts] When a government has to build hospitals, it can consider that it has failed in its attempts to eradicate sickness and offer health to its people in a permanent way," Dr Jose Renan Esquivel, director of the Social Security Fund [CSS], made this statement to the CSS Board of Directors, Minister of Health Edith Jimenez de Bethancourt, heads of departments at the Children's Hospital, and to special guests such as Ramon Castro, brother of the Cuban prime minister.

This took place at a meeting at the auditorium of the Children's Hospital organized by the new CSS director so that national health officials could learn about the current situation at the Children's Hospital.

Ramon Castro, eldest brother of Cuban Commander Fidel Castro, spoke at the meeting. Castro, an expert on animal husbandry has come to Panama to discuss improving the quality of dairy cows and helping high-yield breeds adapt to our climate. During his speech, Ramon Castro pointed out that Cuba does not export revolution, but doctors, teachers, professionals and technicians to countries that request it such assistance. He said that Cuba is only interested in expressing the active spirit of solidarity of the Cubans.

Ramon Castro was accompanied by Dr Alfredo Oranges Bustos, former Panamanian minister of agricultural development. Castro added that Cuba considers that it has benefitted from U.S. imperialism, because the latter has waged a bacteriological war which has allowed the Cubans to test the tenacity of a people who yield to nothing.

End of Tour

PA071310 Panama City ACAN in Spanish 2217 GMT 6 May 82

[Text] Panama City, 6 May (ACAN-EFE)--Ramon Castro, the elder brother of Fidel Castro, today returned to Havana after spending 8 days in Panama. During this time he was received by President Aristides Royo and Gen Ruben Dario Paredes, National Guard commander in chief.

Castro, director of Valled de Picadura Dairy Farm project, toured the country visiting private and state livestock and agricultural installations and sharing views on technical matters with Panamanian experts.

Except for the day of his arrival, Ramon Castro only talked about agricultural issues, mainly the development of pastures and forage to lower the cost of milk production.

Fidel Castro's brother explained to Panamanian cattlemen the way to sow pastures in soil plowed and harrowed once and discussed a cattle feeding system using 80 percent grass and 20 percent other crop byproducts, such as sugarcane.

Something he said the day of his arrival was most controversial. A television reporter asked him if it was true that Cuba was exporting the revolution to Central America. Caressing his beard, he first said he was not a politician, but then he made a comparison which local sectors considered most unfortunate "to say that," he added, "is the same as saying that decent Panamanian women are prostitutes."

Many people reacted to Castro's statement and some claimed that he had offended Panamanian women.

CSO: 3010/1492

OFFICIAL VISIT BY SDAR PRESIDENT

Received By Royo

PA280321 Panama City ACAN in Spanish 1434 GMT 27 Apr 82

[Text] Panama City, 27 Apr (ACAN-EFE)--Mohammad Abdel-Aziz, President of the Saharan Democratic Arab Republic, SDAR, arrived in Panama today for an official 3-day visit.

Abdel-Aziz was received at Omar Torrijos Airport in this capital by Panamanian President Aristides Royo and Foreign Ministry officials.

During his stay in Panama, the SDAR president will meet several times with President Royo and with Gen Ruben Dario Paredes, commander in chief of the National Guard.

He will also meet with Education and Health Ministers Susana Richa de Torrijos [name as received] and Edith Bethancourt.

Abdel-Aziz is accompanied by his Ministers of Information, Education and Health, Mohamed Ould Salek, Ali Mahmoud and Capt Ahmed Kaid, respectively, and by Mohamed Ould Akaik, commander of the Saharan Army, as well as by members of the Political Committee of the Popular Front for the Liberation of Sagui El Hambra and Rio de Oro [POLISARIO Front] and other officials.

President Abdel-Aziz and his party will carry out a program of activities that includes placing a wreath at the tomb of Gen Omar Torrijos Herrera and a visit to the Panama Canal.

Tomorrow the group will also visit the Atlantic city of Colon, 80 km north of this capital, where there is a duty free zone.

A Panamanian foreign ministry source told ACAN-EFE today that at the end of the visit President Abdel-Aziz and Royo will sign a joint declaration to "reaffirm the ties of friendship, fraternity and solidarity that exist between the two nations, which are members of the movement of nonaligned countries."

Joint Communique

PA302109 Panama City Televisora Nacional in Spanish 2300 GMT 29 Apr 82

[Text] Panama and the Saharan Democratic Republic, SDAR, feel that it is urgent to eliminate the last remnants of colonialism, according to the joint declaration that was signed by the two countries during SDAR President Mohamad Abdel-Aziz's visit to Panama.

The declaration was released to the media during a news conference held this morning by Mohamed Ould Salek, Saharan Information Minister and Bujari Ahmed, SDAR ambassador to Panama.

In the communique, the heads of state of the two countries come out in favor of the eradication of colonialism, racism and racial discrimination in southern Africa.

The joint declaration states that President Aristides Royo will visit the SDAR on a still undetermined date in response to an invitation from the Saharan president.

The senior SDAR officials stressed that their country advocates respect for the sovereignty of all countries and cooperation among all countries in the world. They also noted that they oppose the use of force to settle problems among nations and they instead advocate peaceful negotiations.

The document was signed today at the end of President Abdel-Aziz's visit to our country.

CSO: 3010/1492

FOREIGN MINISTRY COMMUNIQUE SUPPORTS ARGENTINA

PA031619 Panama City AL ESTRELLA DE PANAMA in Spanish 3 May 82 pp A-1, A-16

[Undated communique issued by the Panamanian Foreign Ministry]

[Text] The government of the Republic of Panama reaffirms its solidarity with and support for the cause of Argentina's sovereignty over the Malvinas Islands, the South Georgia Islands and the South Sandwich Islands, as well as for the territorial integrity and dignity of the Argentine nation. This position has already been stated in various international forums, most recently by His Excellency President Aristides Royo at the 36th UN General Assembly and at the 2305th Security Council Session and by Foreign Minister Jorge E. Illueca at the 20th consultation meeting of foreign ministers of the member states of the Inter-American Reciprocal Assistance Treaty (TIAR).

The Panamanian government condemns the British armed forces attack on Argentine airports in the Malvinas Islands, an action that constitutes a serious escalation of the conflict in the South Atlantic and that could lead to serious consequences for international peace and security, not only on the American continent but throughout the entire world.

The military actions launched by Great Britain violate the basic principles of the United Nations as well as the essence of UN Security Council Resolution No. 502 of 3 April 1982, which calls for an end to hostilities in that part of the western hemisphere.

The government of the Republic of Panama, which since the beginning of the conflict has made clear to the UK Government its opposition to the threat or the use of force by the UK against the territorial integrity of the Argentine nation, reiterates its call for an end to the hostilities and the withdrawal of the British fleet from the South Atlantic. The Panamanian government urges the two governments to immediately carry out diplomatic negotiations for a peaceful resolution of the colonial status of the Malvinas Islands with due respect for Argentine sovereignty over those territories and the interests of their inhabitants, in conformity with the principles of the UN Charter.

[Signed] Jose M. Cabrera Jovane, acting foreign minister.

BRIEFS

NEW PANAMENISTA PARTY--Three-time President Arnulfo Arias plans to register a new political party, after having lost control of the Panamenista Party to two former followers. "As a result of consultations held with his followers throughout the nation, Arnulfo has decided to seek registration of a new party with the National Electoral Tribunal. It will be called the Authentic Panamenista Party," said Guillermo Endara and Jose Salvador Munoz, two of Arias' closest aides. [Excerpt] [PA091457 Panama City STAR AND HERALD in English 9 May 82]

CSO: 3010/1492

SMUGGLING'S NEGATIVE EFFECT ON ECONOMY UNDERLINED

Asuncion ABC COLOR in Spanish 21 Feb 82 p 3

[Commentary by Carlos Fletschner]

[Text] Recently the public has been surprised by a series of announcements that give a sense of the difficult economic times the country is experiencing.

The news speaks of growing unemployment, the decline of real wages, the measures the government is thinking of adopting to encourage exports, efforts to prevent imports from continuing to drain available official foreign exchange, the de facto devaluation of the guarani, the situation of debts and interest rates, the government's unhappiness with insufficient revenues, hopes of collecting by means of emergency measures (whitewashing of capital* and nationalization of products imported illegally), and now activation of the personal income tax law.

All these announcements and the measures proposed give a clear indication that the country's various sectors are experiencing a period of stress. This is true for workers, merchants, producers, consumers, and for the government itself. Even the finance and speculation sectors are now beginning to feel the effects of this malaise.

At the same time, the country is in a phase of growing needs, there being domestic and international pressure to continue the growth and, somehow, to promote economic, social, and political progress.

However, as all these stresses are manifested ultimately as economic pressures, the issue is being dealt with in simplistic terms: The government responds to increased needs by raising taxes. This is achieved through extension of controls, raising of existing taxes, and creation of new levies.

Observation of the international scene suggests that often there is a schism between the reality that countries are experiencing and management of the res publica. Our country does not seem to be an exception to that remoteness from reality; for in the face of the national economic crisis we continue raising taxes, forgetting that this makes the situation worse because it causes stagnation, on the one hand, and inflation, on the other.

*Translator's note: legalizing possession of goods or money obtained in operations entailing avoidance of taxes or violation of laws.

Although at times it is asserted that taxes are low in our country, this statement has no foundation; for often we are compared with very different countries, and, of course, what the government receives should be in relation to the services it provides. In both regards, the comparison is unfavorable, and it is even more so if we bear in mind that the tax is focused on the least wealthy.

All the foregoing indicates that we are continuing to seek partial solutions and failing to address the fundamental problems. And one of the country's chief problems is smuggling.

Smuggling both in and out, which in many cases exceeds 50 percent of total trade, continues to be a basic evil that endangers the economy and threatens the entire institutional system because it reduces government revenues, siphons off foreign exchange from the country, kills domestic industry, makes legal trade impossible, and promotes corruption at all levels.

On that basis, it is clear that any far-reaching, serious national solution must include a system that substantially improves governmental efficiency, on the one hand, and provides a comprehensive solution to the smuggling problem, on the other.

It is obvious that confronting these issues entails great difficulty, for invading, or even investigating, these "sanctuaries" affects such powerful interests that it can destabilize the entire system. It is equally true, though, that ignoring the problem is carrying the country into a crisis with no way out.

There is no question that this is the moment to make patriotic decisions, but who will make them? That is the true challenge.

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CSO: 3010/1439

EXPORT INCENTIVES FOR AGRICULTURAL PRODUCTS DISCUSSED

Asuncion ABC COLOR in Spanish 7 Feb 82 p 3

[Commentary by Carlos Fletschner]

[Text] A few days ago, we were surprised with the good news that in the future exports of some farm products will receive the benefit of the choice of trading some of the foreign exchange earned in this sphere on the open, fluctuating market; that is, where the exporter will find a better rate of exchange.

This measure, which was well received in all circles, has been the first actual demonstration that the government finally has been sensitized by the countless requests, recommendations, and warnings it has been hearing for months, and even years, regarding some measures needed to save production in this country.

The measure--in the event that it actually goes into effect--is arriving somewhat late, when much of the damage done is irreparable. However, the change seems to indicate that finally mere words and economic demagoguery are being set aside and a reasonable measure, though late, being adopted in an attempt to save farm exports, which undoubtedly constitute and will constitute the base of our economic scaffolding.

In fact, excluding speculative transactions and illicit operations, which involve genuinely fabulous sums, farm exports are continuing to account for 90 percent of all our exports. It is possible that amounts exported legally will be considerably greater if these operations are made financially attractive to Paraguayan exporters.

In this regard, it is worth recalling that many of these products, notably forest products and soybeans, have largely been exported illegally because export taxes and the official exchange rate for the dollar drove out those who wanted to operate legally, encouraging export smuggling on an incredible scale along our border with Brazil.

Other products, primarily meat, had vanished from official statistics, for it was economically impossible to export them at the prices offered in an oversupplied international market and then finally converted to an exchange rate that was completely unrealistic for stimulation of exports, or even to enable this type of operation to continue.

Assuming that the measures announced are seriously intended to save our economy, there are two additional factors that the policies should deal with in order to truly help the agricultural sector:

--Besides improving the local price by means of more favorable exchange rates, it is necessary to immediately revise the taxes and other levies assessed on exports, at the same time simplifying administrative procedures; this would expedite our foreign trade.

--Although the measures adopted and those that should supplement them can provide the exporter with acceptable price levels, new laws should also be considered, additional measures that insure that this higher price is actually passed on to the farmer, whose economic situation is truly critical.

Finally, it is extremely important to consider the circumstances and timing of the announcement or implementation of the various policies, for the situation determines whether or not they fulfill their purpose. If implemented at the wrong time, they could even have harmful effects.

A common instance occurs when the government announces reference prices or minimum prices when the farmers, especially the small ones, have already sold their products to the middleman at prices much lower than those set.

In this situation, not only is greater production not encouraged (as when actual prices are announced before planting takes place) but the people actually working the land are not encouraged.

As a result of all this, it is essential to act with the necessary foresight and timing in order to insure true fulfillment of the socioeconomic objectives of the development policies.

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CSO: 3010/1439

ROLE OF GOVERNMENT IN NATIONAL ECONOMY ANALYZED

Asuncion ABC COLOR in Spanish 14 Mar 82 p 3

[Text] Although the Paraguayan Government has assumed "interventionist" characteristics since the 1940's, during the past decade this has taken on new forms, to the point that an analyst has said, "National economic growth originates with the government." This fact, which in no way differs from the situation elsewhere in the world, has led to different patterns of accumulation of capital in this country and, as a result, a shift in the concentration of income to "new wealthy classes."

Local trader with international money, contractor with private firms for vast public works, owner and manager of monopolistic strategic industrial firms, the governmental sector has clearly become a part of the process of accumulation of capital in this country, launching an era of "mixed" economy with a stronger accent on the governmental aspect of that model. Although that phenomenon is not directly discernable in current official statistics, it is readily seen in analysis of the economy's most dynamic sectors and of the state's role in the generation or creation of conditions favoring that dynamism.

There is nothing surprising in the statement that in recent years the construction sector has been the most dynamic one in the economy, experiencing increased earnings rates exceeding 20 percent, even reaching 30 percent, annually. Favored during the 1960's with the launching of an extensive program of state expenditures on infrastructure, and given a major boost by the construction of Itaipu (whose governmental nature is hidden under the heading of "binational"), the construction sector is essentially a reflection of the demand created by the state sector.

However, this same boom of the last decade is entering a phase of decline and crisis. In fact, just as the private sector functions through a mechanism of constant expansion of the means of production--that is, by accumulation and expansion of capital--the demand that is generated must coincide with the new expectations. This results in a "bottleneck," whereby the government must decide between a growing deficit and a crisis for a sector of the economy that was being aided by its budgetary outlays. The various stages of Itaipu were completed within a few years, gigantic firms being created under the auspices of the project's multi-million-guarani budget. Now the government is faced with the problem of choosing between construction of elaborate works having little practical usefulness (like the gigantic airports at Puerto Presidente Stroessner and Pedro Juan Caballero), increasing the deficit expected for 1982, and failure to help the construction firms.



Key:

- | | |
|---|--|
| 1. Financial Performance of the Government - Excess and Deficit in Millions of Guaranis | 3. Deficit |
| 2. Excess | 4. Millions of guaranis |
| | 5. Sources: Central Bank of Paraguay and Ministry of Finance |

In the last 2 years, the government has seen its expenditures rise rapidly while its current revenues have not. The graph shows a comparison of government income from general revenues with expenditures for each year, according to figures provided by the Central Bank.

Loans

Another of the most important functions of the present Paraguayan government in the economy seems to be that of serving as an intermediary between international lending and national production.

In the first place, the national debt is the instrument the government has preferred to utilize to finance its program of expenditures. The country's "solvency" in the international financial market makes it possible (since the country has accumulated large reserves of money) to expand the use of foreign debt.

Moreover, the government has directly assumed local administration of international credit through, for example, the National Development Bank. On the basis of the debt-forming effect that credit has on the "traditional" economy, primarily in the agricultural sector, it would seem, then, that the government has in principle oriented itself toward generation of an economy with "modern" characteristics, which of course does not involve a balanced, coherent development model.

Administration

However, a government that has taken over such functions can cause distortions in carrying them out. According to some Paraguayan experts, the bureaucracy is the

direct expression of the functions that the government is performing in the country. On the one hand, the inflow of foreign capital, primarily in the form of credits, creates the economic conditions for its expansion. On the other, because the government is the administrator of that capital, the bureaucracy acquires unprecedented bargaining power with respect to the private sector that is bolstered by its political power. As a result, according to analysts, a "new wealthy class" has risen under the aegis of the government.

In the long run, however, this "interventionist" model of government would seem to have structural drawbacks. The deficit facing the government at present is the most real expression of that. "In some government offices, where there should be one employee, there are five," a local financier noted, highlighting the cumbersome nature of government operations. An increasingly extensive bureaucracy, an external debt that is becoming a heavier burden for the country, a public works policy whose objectives seem to have strayed, as well as other factors, are the elements placing a strain on the national budget, a strain that the government is now trying to shift to the private sector with excessive tax increases.

Consequently, the "interventionist" government is running the risk of changing from a "generator of growth" into a cause of economic decline for the private sector.

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CSO: 3010/1439

IMPACT OF SEVERAL ECONOMIC FACTORS ANALYZED

Asuncion HOY in Spanish 28 Feb 82 p 3

[Text] As February draws to a close, the situation that carried over from the end of last year has changed little.

Although slight, the recession is becoming more marked. The most recent measures taken are not enough to halt a worsening that will become more noticeable in the coming months.

The failure to begin the Yacyreta project will create an impossible situation for many construction firms, which are deeply in debt to banks and other financial institutions. The only path open to the latter is to refinance the firms until the Yacyreta civil works are begun, a process that can take from 1 to 3 years. Otherwise, a number of them would fail, with incalculable consequences.

At the same time, the low cotton prices will affect domestic consumption, for when the income of a vast number of farmers declines, demand for clothing and foodstuffs, among other things, will fall, and both categories are primarily supplied by Paraguayan industry.

The outlook for industry is not very encouraging, either. The nondurable consumer goods sector (foodstuffs, beverages, etc.) is affected by the decline in income and by unemployment; and the durable goods sector (furniture, metallurgy, etc.) must face, in addition to those problems, competition from similar products smuggled into the country.

The commercial sector feels the full impact of the recession. It is enough to see the enormous number of businesses of all kinds that are for sale (boutiques, restaurants, etc.) as well as the enormous number of commercial properties for rent. Importers, although not all, have enormous unsold inventories and are bearing the resulting financing cost. We had cases of suppliers abroad who were forced to recover their goods from rather sporadic importers in order to collect what was owed them.

The prospects for soybeans are more encouraging, for there are reports of a severe drought in Brazil's soybean-growing regions. This can aid prices, consequently benefiting farmers. We do not know how the government will be affected, for it is doubted that the exchange measures adopted can halt smuggling. Nonetheless,

it is hoped that they will help to increase exports of meat and wood. The outlook in general is not good for several reasons, such as:

--The recession afflicting the United States, Europe and Argentina, with a resultant reduction of demand for raw materials such as those that we produce. There is hope that things will improve somewhat during the second half of the year. Brazil's GDP is expected to rise. This interests us because it means that we can sell more there, but working against this is the constant devaluation of their currency, expected to be between 70 and 85 percent in 1982.

--Another ominous factor is the probable rise in interest rates in the United States. They are expected to be at 18 percent in March and 20 percent in June. Last year, this caused a flight of capital here that is impossible to measure (but according to knowledgeable people, it was between \$80 million and \$400 million). It can happen again this year, with all its consequences for the economy.

--A third factor to consider is the increase in taxes in circumstances in which the economy is not at its best. That is because for reasons underlying the present economic situation, those who pay taxes may be tempted to evade a burden that is falling increasingly heavily on them, while those who never paid are unlikely, we think, to do it now. All this can lead to a vicious circle in which the government is tempted to create new taxes on failing to collect as much as it had expected.

Now, with an outlook like this, it can well be asked who can win. Unfortunately, the answer is well known: speculation will win. People will prefer to invest in finance companies and savings banks abroad rather than in producing sectors.

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CSO: 3010/1439

PREMIER NEIJHORST ON POLITICAL, ECONOMIC MEASURES

Rotterdam HET VRIJE VOLK in Dutch 6 Apr 82 p 4

[Report on interview with Premier Neijhorst of Suriname: "Not Somebody of Lengthy Philosophies"; date and place not specified]

[Text] He says himself: "I am not a man of lengthy philosophies." People who know him say he is a business-like and efficient person who sticks to his principles; a financial and economic expert, a moderate who avoids ideological extremes. Since last Wednesday, Henry Neijhorst (49) has been Suriname's new prime minister, minister of finance and planning, and a member of the Management Center. The combination of these functions lends importance to his position. He considers it one of his most important tasks to strengthen Suriname's weak economy, now so onesidedly dependent on bauxite. Neijhorst is not a member of any political party.

He studied economics in the Netherlands at the University of Amsterdam, the Economic University of Rotterdam (now the Erasmus University), and the Catholic College in Tilburg. He was an active member of the Nationalist Student Movement. In 1972, immediately after the completion of his studies, he returned to Suriname. For a few months he was minister of finance and economic affairs in the beginning period of the Chin a Sen government. It was his own idea to resign. His last position was director of the Suriname Savings Bank. H.R. Neijhorst is married and has four children.

Question: Is the military government giving the Cabinet room to maneuver?

Neijhorst: Indeed. The military government in itself has no political authority except via the Management Center. That is the highest governing body. The commander-in-chief, the deputy commander-in-chief, the prime minister, and the deputy prime minister are its members. The difference with the previous period (editor: of Chin a Sen) is that this structure is now officially described in decrees. There is a delineation of tasks and authorities. The ministers prepare policies and execute them.

The Management Center should not be taken for a super government but it is a combination of a sort of party council and a parliament with supervisory powers.

Premier Neijhorst believes in developing a form of democracy peculiar to Suriname. He follows here the ideas which Army Commander Bouterse recently revealed in a conversation with Dutch newspaper correspondents.

Neijhorst: We are now experimenting with a form of democracy which is more direct than a parliamentary democracy, namely via People's Committees, Regional and District Councils, and at the center a National Assembly. It will be supplemented with representatives of functional groups, like trade unions, churches, women's organizations, youth groups, as well as trade and industry. In a parliamentary democracy elections are held every 4 years. The leadership of a People's Committee can be dismissed by its members at any given moment.

In the past elections were only held to amuse the people or to keep them busy. People's committees will get the masses interested in politics. They will raise the level of political awareness.

Elections will be secret and proportional. There are rumors that the people want the "old elections" back. I have to see it to believe it. I believe that the people of the neighborhoods are now more conscious of democracy than in the past. They are not left out in the cold. In their own regions, at any rate, they can make their desires known in many ways.

According to Neijhorst, the political structure with a Management Center must be seen as a transitional phase, "It is very likely that the National Assembly will in the end perform the tasks now incumbent upon the Management Center." Recently Army Commander Bouterse also voiced this opinion as he talked about the National Assembly as the highest governing body and of a subservient army.

Question: Army Commander Bouterse talked about a new constitutional draft to be prepared in a reasonable amount of time. The Surinamese people will have to discuss it. How will that be organized?

Prime Minister Neijhorst is also minister of planning. The Bureau of Planning is placed under his responsibility. Neijhorst has therefore become the king-pin as regards economic development policies. The way he sees this is comparable to the ideas put down in the long-term development plan (MOP).

Neijhorst: Our goal is an independent national economy in a political and economic sense. But there must be a great degree of self-sufficiency in primary products. In my mind development should not just stress agriculture, fisheries, etc., primary production therefore, but also secondary production, to wit: industry which refines and improves products of agriculture. The present situation, with complete dependency on bauxite and aluminum, underlines the need for a broad production basis (because of the bad condition of the world market the Surinamese government's budget and its current accounts are showing big deficits: editorial staff). Agriculture is the basis but industry is the leading element. That is my point of view in a nutshell. I am not a man of lengthy philosophies.

Question: Are you also thinking of nationalizations?

Neijhorst: The government should stay out of small industries. Private enterprise has an important role to play. We must support private initiatives as long as they do not clash with the general interest. Although it would be

better to have basic industries in Surinamese hands we do not intend to nationalize the bauxite industry. In other sectors of the economy we should not talk of nationalizing but rather of "Surinamizing."

It means that share of stock should not necessarily be in the hands of the Surinamese government but, for instance, in the hands of Surinamese citizens. The government is in this respect already dominant in many sectors of the economy. For instance, our largest rice industry, the SML in Wageningen is completely owned by the government. The same goes for the Bacovenbedrijf Surland (bananas) and the Marienburg Sugar Factory. In forestry Suriname Timber is wholly owned by the government which also owns 52 percent of all Bryunzeel shares. In the financial sector the Surinamese Postal Savings Bank and the Bank for Agriculture are wholly owned by the government, and the National Development Bank is almost entirely owned by the nation. In transportation we have Suriname Airlines and the Suriname Navigation Company. There is room for expansion of the government's influence in the insurance industry. A few years ago we already started the damage liability insurance company Selfreliance, the state owns 40 percent of its shares.

Question: What do you think of the fact that the Netherlands postponed the meeting of the Committee for Development Cooperation Netherlands-Suriname (CONS) also because of political reasons, and of relations with the Netherlands?

Neijhorst: I found the first point paternalistic and that is stating it mildly. The treaty on development cooperation does not state anywhere what kind of government Suriname should have. I expect the Dutch government to cooperate with the Surinamese government on the basis of equality. On the other hand, I can only see the positive side of our relations with the Netherlands. By way of the treaty for development cooperation the Netherlands and Suriname are somehow linked together. After 300 years of colonial history the Netherlands cannot be ignored. And then there are of course also the national ties as so many Surinamese are living in the Netherlands. A large portion of our people with degrees of higher learning received their education in the Netherlands.

Question: What do you think of reemigration of Surinamese now living in the Netherlands?

Neijhorst: I already mentioned the need for a broader production basis. There is a shortage of trained leaders, on higher as well as lower levels. We are also worried about the execution of the government policies because of a lack of good leaders. That indicates that we can make good use of our countrymen. However, we do not like to welcome them back in huge numbers. A trickle of returning Surinamese would also not be right. Otherwise we would not get the people we want. The return of Surinamese should be well organized.

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CSO: 3105/166

PRESIDENT SAYS GALTIERI WANTS TO RESTORE DEMOCRACY

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[Text] Caracas, 9 May (EFE)--Venezuelan President Luis Herrera Campins said today in Carupano, in Eastern Venezuela, that Argentine President Gen Leopoldo Galtieri agrees with the idea of restoring democracy to his country.

"The Argentine president," Herrera Campins said, "sent me a message saying that he was committed to restoring democracy and that after overcoming this situation, he would fully devote himself to that end."

With this statement Herera Campins referred to one of the points of a document issued by the Venezuelan congress in which it demands the restoration of representative democracy in Argentina.

The Venezuelan president stressed that his government advocates continental solidarity on the struggle against remnants of colonialism in the world and the recognition of Argentina's sovereignty over the Malvinas.

He rejected the rumor that the conflict is being manipulated to gain an advantage in the upcoming Venezuelan elections, he stressed that his government is trying to represent national interests.

Regarding the creation of an organization similar to the OAS, [words indistinct] "inexplicable U.S. attitude," Latin America must think a lot about the need to deepen and strengthen the unity and integration of the continent. Further, Latin America must review its international relations, their protection and handling.

He added that if the Latin American countries have understood that the mechanisms of collective security have been weakened by the U.S. stand, then "we must seriously think about the future of our common defense."

The Venezuelan president said that he has informed U.S. officials with whom he has spoken that Latin Americans see the British aggression against the Malvinas as an abuse.

"It is an abuse that the United Kingdom is carrying out an undeclared war against Argentina and that to fight Argentina, the United Kingdom has to seek the help of the foremost power of the world. I believe this is something

which affects Latin Americans a lot and must give the United States pause because if its closest ally needs U.S. aid to fight Argentina, what would the UK need to fight nations that are better prepared militarily, he concluded.

CSO: 3010/1506

RADIO BROADCASTS RECRUITMENT ANNOUNCEMENTS

[Editorial Report] PA111758 During its regularly scheduled newscase, Caracas Radio Rumbos Network in Spanish at 1530 GMT on 11 May carries the following recruitment announcements interspersed among its news items:

"High school graduate. You, who are looking for a higher level. The (Esufach), university military institute, has a place for you. The (Esufach) is a center of higher learning which trains the future second lieutenants of the National Guard and enables them to perform functions of vital importance for the Venezuelan state. High school graduate, join us. Seek information at the National Guard command posts or at (Esufach), (Fort Suma) (?and) (Mayo), Caracas."

"Venezuelan young man. If you hold a high school decree in science or industry and you are between 16 and 21 years of age, the Venezuelan Naval School [Escuela Naval de Venezuela] offers you an opportunity to become a naval officer and a university level professional with a dignified and noble career at the service of the fatherland. Join the Venezuelan Naval School, [words indistinct] Catia la Mar, [words indistinct], naval installations, or write to box 5313, Caracas. Sail with us."

"Caracas needs more protection. It needs men [word indistinct] and will to serve, ready to work with (?integrity). Become a metropolitan policeman with a bright future and studies with a salary of 1,450 bolivares monthly, broad family social security coverage and an excellent salary upon graduation. Find out at the police training center in [word indistinct]. Join in. Security is everybody's problem."

"Venezuelan young man. If you are between 17 and 21 years of age, join the [words indistinct] (?and become) a seaman of our navy in one of the 20 specialities offered by its technical schools. Find out at the navy general command headquarters. The naval training center in Catia la Mar Port captain's offices, naval bases and garrison command offices."

"Young student. If you are a high school graduate or have completed the third year of the basic common cycle, the technical school of the Venezuelan Air Force offers you the opportunity to become a professional military man in 2 or 3 years with a degree of middle-echelon technician [tecnico medio basico] in aeronautical science. Enrollment for high school graduates is open until 10 July and for third-year level students until 31 July. Do not wait any longer."

Go today to the air force general command office, (La Carlota), Caracas; air base command offices throughout the country or the air force technical school in Boca Del Rio, Mcaracay. Prestige and a profession with a future are within your reach." No further processing planned.

CSO: 3010/1506

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